

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

RURAL ELECTRIFICATION ACT OF 1936—AMENDMENT

HEARING
BEFORE THE
SUBCOMMITTEE ON CONSERVATION AND CREDIT
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-FOURTH CONGRESS
FIRST SESSION
ON
H. R. 2138, H. R. 4572, and H. R. 5376

APRIL 14, 1955

Printed for the use of the Committee on Agriculture

Serial L



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1955

COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*

W. R. POAGE, Texas, *Vice Chairman*

GEORGE M. GRANT, Alabama
E. C. GATHINGS, Arkansas
JOHN L. McMILLAN, South Carolina
THOMAS G. ABERNETHY, Mississippi
CARL ALBERT, Oklahoma
WATKINS M. ABBITT, Virginia
JAMES G. POLK, Ohio
CLARK W. THOMPSON, Texas
PAUL C. JONES, Missouri
JOHN C. WATTS, Kentucky
HARLAN HAGEN, California
LESTER R. JOHNSON, Wisconsin
VICTOR L. ANFUSO, New York
ROSS BASS, Tennessee
COYA KNUTSON, Minnesota
W. PAT JENNINGS, Virginia
D. R. (BILLY) MATTHEWS, Florida

CLIFFORD R. HOPE, Kansas
AUGUST H. ANDRESEN, Minnesota
WILLIAM S. HILL, Colorado
CHARLES B. HOEVEN, Iowa
SID SIMPSON, Illinois
PAUL B. DAGUE, Pennsylvania
RALPH HARVEY, Indiana
HAROLD O. LOVRE, South Dakota
PAGE BELCHER, Oklahoma
CLIFFORD G. MCINTIRE, Maine
WILLIAM R. WILLIAMS, New York
KARL C. KING, Pennsylvania
ROBERT D. HARRISON, Nebraska
MELVIN R. LAIRD, Wisconsin
HENRY ALDOUS DIXON, Utah

DELEGATES

E. L. BARTLETT, Alaska
MRS. JOSEPH R. FARRINGTON, Hawaii

RESIDENT COMMISSIONER

A. FERNÓS-ISERN, Puerto Rico

Mrs. MABEL C. DOWNEY, *Clerk*
GEO. L. REID, Jr., *Assistant Clerk*
JOHN J. HEIMBURGER, *Counsel*
FRANCIS M. LEMAY, *Consultant*

SUBCOMMITTEE ON CONSERVATION AND CREDIT

W. R. POAGE, Texas, *Chairman*

GEORGE M. GRANT, Alabama
ROSS BASS, Tennessee

WILLIAM S. HILL, Colorado
CLIFFORD G. MCINTIRE, Maine

CONTENTS

	Page
H. R. 2138. A bill to amend the Rural Electrification Act of 1936, as amended.....	1
H. R. 4572. A bill to amend the Rural Electrification Act of 1936 so as to provide greater flexibility in making rural electrification loans, by eliminating the requirement that half of the funds for such loans be allotted among the States, and removing the limit on the amount of unallotted funds which may be loaned in any State or in the Territories.....	1
H. R. 5376. A bill to amend the Rural Electrification Act of 1936, as amended.....	2
Statement of—	
Campbell, Wallace J., director, Washington office, Cooperative League of the United States.....	17
Ellis, Clyde T., general manager, National Rural Electric Cooperative Association.....	9
Halvorson, Lloyd C., representing the National Grange.....	17
Johnson, Hon. Lester R., a Representative in Congress from the State of Wisconsin.....	33
Lynn, John C., legislative representative, American Farm Bureau Federation.....	14
MacDonald, Angus, assistant legislative representative, National Farmers Union.....	16
Metcalf, Hon. Lee, a Representative in Congress from the State of Montana.....	37
Partridge, Robert, program analyst, Rural Electrification Administration.....	19
Patton, James G., president, National Farmers Union.....	16
Strong, Fred H., Deputy Administrator, Rural Electrification Administration.....	2
Additional data submitted to the subcommittee by—	
Johnson, Hon. Lester R.:	
Chippewa Valley Electric Cooperative, Cornell, Wis., letter of April 7, 1955.....	37
Dairyland Power Cooperative, La Crosse, Wis., letter of April 12, 1955.....	35
Eau Claire Electric Cooperative, Eau Claire, Wis., letter of April 7, 1955.....	36
Wisconsin Electric Cooperative, Madison, Wis., letter of April 13, 1955.....	36
National Rural Electric Cooperative Association:	
Number and percentage of farms electrified with central station service, by States, 1935, 1940, 1950, and 1954.....	31

RURAL ELECTRIFICATION ACT OF 1936—AMENDMENT

THURSDAY, APRIL 14, 1955

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION AND CREDIT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to notice, at 10 a. m. in room 1310, House Office Building, Hon. W. R. Poage (chairman) presiding.

MR. POAGE. The committee will please come to order. We have under consideration today H. R. 5376 and several other similar bills, to amend the Rural Electrification Act of 1936.

(The bills referred to follow:)

[H. R. 2138, 84th Cong., 1st sess.]

A BILL To amend the Rural Electrification Act of 1936, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Rural Electrification Act of 1936, as amended, is further amended by striking out all of subsections (c) and (d).

SEC. 2. Subsection (e) of section 3 is amended by striking out the following words: "without allotment: *Provided, however,* That not more than 10 per centum of said sums for rural electrification loans may be employed in any one State or in all of the Territories" and by relettering said subsection "(c)", so that it will read as follows:

"(c) If any part of the annual sums made available for the purposes of this Act shall not be loaned or obligated during the fiscal year for which such sums are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years."

SEC. 3. Subsection (f) of section 3 is amended by relettering it "(d)".

[H. R. 4572, 84th Cong., 1st sess.]

A BILL To amend the Rural Electrification Act of 1936 so as to provide greater flexibility in making rural electrification loans, by eliminating the requirement that half of the funds for such loans be allotted among the States, and removing the limit on the amount of unallotted funds which may be loaned in any State or in the Territories

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 3 of the Rural Electrification Act of 1936 is amended by striking out the first sentence (which provides that 50 per centum of the sums made available each year for rural electrification loans shall be allotted among the States according to the number of farms receiving central station electric service) and by striking out "such service" in the second sentence and inserting "central station electric service", so that the subsection as amended reads as follows:

"(c) The Administrator shall, within ninety days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving central station electric service."

SEC. 2. Subsection (d) of section 3 of such Act, which provides that not more than 10 per centum of the unallotted funds available in any year for rural electrification loans may be employed in any State, or in all the Territories, is hereby repealed.

SEC. 3. Subsection (e) of section 3 of such Act is redesignated as subsection "(d)", and is further amended by striking out "without allotment: *Provided,*

however, That not more than 10 per centum of said sums for rural electrification loans may be employed in any one State or in all of the Territories", so that the subsection as amended reads as follows:

"(d) If any part of the annual sums made available for the purposes of this Act shall not be loaned or obligated during the fiscal year for which such sums are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years."

SEC. 4. Subsection (f) of section 3 of such Act is redesignated as subsection "(e)".

SEC. 5. Section 4 of such Act is amended by striking out "from funds available under the provisions of sections 3 (d) and 3 (e) but without regard to the 10 per centum limitation therein contained,".

[H. R. 5376, 84th Cong., 1st sess.]

A BILL To amend the Rural Electrification Act of 1936, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3 of the Rural Electrification Act of 1936, as amended (7 U. S. C. 903), is amended by striking out subsections (c), (d), and (e) and inserting in lieu thereof the following:

"(c) The Administrator shall, within ninety days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving central station electric service.

"(d) If any part of the annual funds made available for the purposes of this Act shall not be loaned or obligated during the fiscal year for which such sums are made available, such unexpended and unobligated funds shall be available for loans by the Administrator in the following year or years."

(b) Subsection (f) of section 3 of such Act is redesignated as section (e).

SEC. 2. Section 4 of the Rural Electrification Act of 1936, as amended (7 U. S. C. 904), is amended by striking out "the provisions of section 3 (d) and 3 (e), but without regard to the 10 per centum limitation therein contained" and inserting in lieu thereof "Section 3".

Mr. POAGE. The Deputy Administrator of the Rural Electrification Administration, Mr. Fred H. Strong, is with us. I wonder if we might hear from you at this time, Mr. Strong.

STATEMENT OF FRED H. STRONG, DEPUTY ADMINISTRATOR, RURAL ELECTRIFICATION ADMINISTRATION

Mr. STRONG. With your permission, Mr. Chairman, I would like to have distributed copies of a prepared statement.

I am substituting for Ancher Nelsen, Administrator of the Rural Electrification Administration, who is out of the city. He has asked me to convey to you his respects and his regret that he cannot be here himself.

The matter before the committee, of course, is the proposed amendment of the Rural Electrification Act to remove the so-called State allotment formula. There have been a number of bills introduced both in the Senate and in the House by Senators Aiken, Thye, Young, and Carlson; and by Congressmen Hope, Johnson, Metcalf, and Poage. All are aimed at the same result. There are minor differences in the bills.

A prepared statement has been made available to the clerk for distribution among the committee members, and in the interest of economy of time, if the committee approves, I will omit reading the full text of the prepared statement and will discuss the proposed amendment in general terms off the cuff.

Mr. POAGE. Surely. And would you like to have the statement included in the record?

Mr. STRONG. Yes, sir.

Mr. POAGE. Without objection it will be included in the record.
(The statement referred to is as follows:)

STATEMENT OF FRED H. STRONG, ACTING ADMINISTRATOR OF REA, RELATIVE TO
H. R. 2138 AND H. R. 5376

H. R. 2138 and 5376 which are before your committee today are substantially the same as S. 153 on which Administrator Nelsen recently testified before the Senate Committee on Agriculture and Forestry. These bills which are identical save in one minor respect, would repeal the so-called State allotment formula in the Rural Electrification Act. We believe that enactment of any one of these bills will enable us to administer the program more efficiently and to be more responsive to the needs of the people served by the program.

I shall present substantially the same background data as appears in the statement made by Mr. Nelsen, covering some aspects of the rural electrification program and taking stock of where we are in rural electrification today.

UNIVERSAL RURAL ELECTRIC SERVICE—AREA COVERAGE

The estimate of unelectrified farms made by REA as of June 30, 1954 indicates approximately 4,966,000 farms were then receiving central station service, slightly over 92 percent of the total farms shown in the 1950 census. While there is doubt as to the accuracy of this estimate, a matter which will be discussed further, it points out the tremendous progress which has been made in rural electrification. New farm connections are being made at a rate estimated to be sufficient to bring the number of electrified farms today to just over 5 million, about 93 percent of the total. The rate of farm connections is much slower than it has been in past years. This is to be expected at this stage. What is left consists largely of the farms whose operators do not wish or feel they cannot afford electric service even though it may be available to them right at their door; farms which are so remote from power lines that service to them poses as yet unsolved problems of economic feasibility; and farms occupied by families which are not able to afford electric service. It is not possible to distribute the 416,000 farms estimated to be without electric service on June 30, 1954 among these groups with any assurance of accuracy. REA borrowers are being encouraged to bring service to those who want it.

While it would seem that the job of farm electrification is approaching substantial completion, I must caution you that this is not necessarily so. American agriculture is like everything else American; it is dynamic, not static. New farms are being added while old ones are being retired from active production or are being merged into others. The job of electrifying our farms will never be 100 percent completed for the same reason the job of building automobiles or better mousetraps will never be done. But we are well on our way to making rural electric service universally available.

FINANCIAL SOUNDNESS

REA electrification loans total almost \$3 billion, about \$300 million of which were made since April 1953 when Ancher Nelsen became Administrator. We firmly believe that the REA loans with very few exceptions are sound and will be repaid within the time agreed with interest.

It is a matter of great satisfaction to report that since April 1953 the number of delinquent borrowers has been reduced from 35 to 13 and the number of borrowers which have made advance payments increased from 704 to 745. Dollar-wise, delinquencies have been cut more than half from \$626,557 to \$307,341; advance payments increased about 45 percent, from \$54,350,853 to \$78,647,457.

We are not complacent about the record, particularly when we reflect upon the effort required to achieve it and then look ahead to the precipitate increases in debt payment load which the next few years bring. But we are constantly preparing to meet the challenge of helping our borrowers to maintain their record. We are improving our techniques for helping our borrowers which appear to be in danger of financial difficulties and devising new ones for avoiding and during defaults.

Perhaps one of the most important contributions toward assuring financial stability of our borrowers has been the power use promotion work carried on in

cooperation with all segments of the electric industry and with the colleges and extension service. These groups are working together under auspices of the Inter-Industry Farm Electric Utilization Council and their effort promises great dividends not only to our borrowers but to their farmer-consumers and also to the Government by enhancing its loan security.

ADEQUATE POWER SUPPLY

Major progress has been made in improving the supply of electric power in rural areas. We have worked with our borrowers in meeting power supply needs as they occurred and in forestalling power supply emergencies before they occur.

Loans for generation and transmission facilities were made where required as a means to lower cost of electricity for farmers. During 1954 they amounted to slightly more than \$40 million and will add something over 100,000 kilowatts to borrowers' generating capacity. Important developments have occurred in interconnecting and integrating borrowers' facilities with neighboring facilities to minimize the higher costs usually associated with isolated systems of relatively small capacity.

The wholesale cost of power has dropped and more important, the average cost per kilowatt-hour of power to the residential consumer, both farm and nonfarm, dropped from 3.22 cents in 1953 to 3.06 cents in 1954. At the same time, net margins of electrification borrowers went up nearly 40 percent.

Looking to the future, appropriate and effective steps have been taken to assure participation by the rural electric systems in any cost reductions that the use of atomic energy may bring about.

BORROWER SELF-RELIANCE

The rural electrification program is free enterprise. The REA borrowers own and operate their rural electric systems; their relationship with REA is that of a borrower. In their initial organization and their early days of operation, REA provided considerable assistance to them. As they have gained operating experience and financial strength, REA assistance in engineering, accounting and management has been gradually decreased. Today, most of the electric borrowers are providing for themselves most of the services formerly provided by REA. The assistance to borrowers being provided by REA at the present time is limited almost entirely to working with those borrowers who have financial difficulties at present, or who will apparently have financial difficulties as their debt payments increase in the future.

EFFICIENT ADMINISTRATION

We have given continuous attention to improved administration of the program. Wherever possible, changes that will improve efficiency and reduce administrative costs have been made. We have made organizational changes and procedural changes which have resulted in improved efficiency during the past year and, at the same time, we effected a substantial savings in administrative costs.

We have reduced the time required for handling electric loan applications. The loan process has been cut to a minimum for those borrowers which are well established and have good operating records. Applications under the simplified procedure are being processed in about 50 percent of the time formerly required. About one-third of the present applications are in this category and we are currently working on other improvements which may raise this percentage as high as 45 percent. This has helped to cut down the backlog of loan applications to just about half of what it was 2 years ago. To my knowledge, we have not turned down or delayed a single loan application that was complete and feasible.

BACKGROUND OF STATE FORMULA

This matter of the loan allotment formula is directly related to our ability to meet the loan needs of the borrowers.

As it now stands, the State allotment formula provides that 50 percent of the amount made available annually by Congress for electric loans must be reserved for loans in the several States in the proportion which the number of their unelectrified farms bears to the total number of unelectrified farms in the United States. Of the remaining 50 percent, and of any funds carried over from a previous year, not more than 10 percent may be loaned in one State.

I want to point out that the amount set up for each State under this formula is not a guaranty that that amount will be loaned within the State. Loans can be made only if valid applications are submitted.

This formula was one of the first items of business which confronted us in April 1953. The 1954 budget recommendations for the Agriculture Department were then under consideration by the House Appropriations Subcommittee. The budget recommended that the \$60 million electrification contingent loan authorization be made available free of the limitations contained in section 3 of the Rural Electrification Act except that not more than 20 percent could be distributed in any one State. On April 22, 1953, witnesses representing the National Rural Electric Cooperative Association requested the subcommittee to eliminate the formula entirely.

When the 1954 appropriation bill reached the floor of the House on May 19–20, an amendment to free the contingent loan funds entirely from the section 3 formula was stricken on a point of order. When the bill reached Senate floor on June 15, Senator Young offered an amendment similar to that recommended in the budget. It too was stricken on a point of order. During the debate the suggestion was made by Senator Knowland that this was a matter for the proper legislative committee, where of course it now is.

We had this allotment matter looked into and found that it had been the subject of discussion in the Senate as far back as the spring of 1949. We also learned that the Budget Bureau had suggested its elimination in the 1952 budget and that the National Rural Electric Cooperative Association had been supporting this action sincere early in 1951.

By the fall of 1954 after a full year of experience with the allotment formula and its limitations, it was apparent that it was in the interests of an effective rural electrification loan program to recommend elimination of the formula from the act.

We are here today to urge passage of legislation which so provides.

HOW THE STATE ALLOTMENT FORMULA WORKS

The purpose of the State allotment formula was to insure a uniform rate of extension of central station electric service to farms throughout the United States. The formula has served this purpose quite well; by June 30, 1955, roughly 95 percent of the Nation's farms will have been connected, and it appears that in at least 40 States the electrified farms will exceed 90 percent of the total farms in each of those States. The State allotment formula was of particular importance during the early states of the program, when the extension of electric service in many areas was very difficult and required the organization and development of borrowers. The reservation of funds to each State under the formula was desirable, since it stimulated the efforts of REA and of local groups in all sections of the country.

In future years, the State allotment formula will not be needed for that purpose, and it is doubtful that it will serve to speed the completion of area coverage. Completion of area coverage will depend almost entirely on the financial ability of already existing borrowers to extend their lines. Further, most of the farms unelectrified at June 30, 1955 will pose difficult problems of feasibility, and the availability of loan funds under the State allotment formula will not assure their connection. In any event, the loan funds required in succeeding years can be made available more advantageously through administrative discretion than through the increasingly cumbersome State allotment formula.

The loan requirements of the borrowers are changing as the program nears area coverage. System improvements, generation, and transmission are requiring increasing proportions of the total loan funds. Continuation of the State allotment formula will result in inequitable distribution of loan funds among the States, and the inequity will increase with time.

Present estimates indicate that in fiscal year 1956, loan requirements for distribution facilities exclusive of system improvements will be about 35 percent of the total electric loan requirements. In fiscal year 1957, distribution facilities exclusive of system improvements will be only about 25 percent of the total loan requirements, and in succeeding years the percentage will drop still further. It appears illogical that half of the loan funds authorized by Congress in future years should be made available to the States on the basis of their number of unelectrified farms, when these will require much less than half of the loan funds. System improvements and generation and transmission loan requirements bear no relationship to the number of unelectrified farms.

I can illustrate this by citing the State of Mississippi. Mississippi happens to be a State in which there are numerous rural electric systems but where many rural people, for economic and perhaps other reasons, are not taking service. In 1952, with almost 11 percent of all unelectrified farms, Mississippi received only one-tenth of 1 percent of the loans made in that year. In 1954, with 14.4 percent of all unelectrified farms, it received only 4 percent of the loans made in that year.

The largest percentage of our annual loans received by any one State in recent years was 13.7 percent received by Kentucky in 1952. In that year, Kentucky had only 6 percent of the Nation's unelectrified farms. Similar disparities exist nearly every year among the various States. In my opinion, they demonstrate quite conclusively that the percentage of unelectrified farms is no longer an accurate measure of loan needs.

EFFECT OF THE FORMULA ON LOAN FUND REQUIREMENTS

The contingency loan fund appears to have been devised to offset the effect of the State allotment formula. It first appeared in the 1950 REA appropriation when \$150 million was provided for electrification loan funds, in addition to the \$350 million regularly provided, "to be borrowed under the same terms and conditions if and to the extent that the Secretary of Agriculture shall certify, from time to time, to the Secretary of the Treasury that such additional amounts are required during the fiscal year 1950, under the then existing conditions, for the expeditious and orderly development of the program."

During fiscal 1950, \$120 million of this amount was drawn down in order to provide enough funds under the formula to make loans of approximately \$10 million which could not otherwise have been made in that year because of formula limitations. It is important to note there was a carryover of about \$140 million of electrification loan funds from fiscal 1950 into fiscal 1951. For fiscal 1951, the Congress again made available a contingent loan fund which was not used.

As I have already stated, the 1952 budget recommended elimination of the State allotment formula so that loan needs could be met without the necessity for drawing down contingent loan funds far in excess of actual needs. This recommendation was not adopted.

For fiscal 1952, a contingent loan fund of \$75 million was provided; for fiscal 1953, \$50 million. No part of these funds was drawn upon. Of the \$45 million contingent loan authorization appropriated for fiscal 1954, \$38 million was drawn to permit loans of slightly more than \$2 million; \$47 million of electrification loan funds were carried over from fiscal 1954 into 1955. It looks as if we shall draw the full \$35 million of contingent loan fund authorization for fiscal 1955 in order to permit loans of slightly under \$2 million which could not otherwise be made only because of the allotment formula limitations. Most of the contingent funds drawn down in fiscal 1955 will probably be carried over into fiscal 1956.

It is quite obvious that the large contingent loan fund authorizations have been required only because of the now artificial, unrealistic limitations of the State allotment formula and have not been related to actual loan needs. This is clearly proven by the fact that the loan fund carryover each year when contingent funds were drawn upon consistently exceeded the total amount drawn.

One trouble with continuing to operate on this basis is that it distorts for the public the size of the REA loan fund request in the Federal budget. Another problem is that with the large carryovers that are created, Congress largely loses its year-to-year control over the size of the loan program.

Abandonment of the State allotment formula would permit material reductions in the contingency or reserve fund requests if not their complete elimination. There would be no "freezing" of funds in some States where they cannot be loaned, and the carryover of unused loan funds from one year to the next would be substantially reduced. The loan authorizations requested of Congress could be based on actual loan needs, rather than the larger amounts which must inevitably be requested so long as the State allotment formula remains a part of the act.

ANNUAL DETERMINATION OF NUMBER OF UNELECTRIFIED FARMS

Section 3 (c) specifically requires that the Administrator make a determination of the number of unelectrified farms within 90 days after the beginning of each fiscal year. Annually a survey is conducted commencing shortly after July 1. Information is solicited from borrowers, electric companies, municipal and other suppliers, State regulatory bodies, and trade associations. The electric company records reflect the number of meters served and these exceed the number of farms

due to multiple-dwelling units. In addition, few electric companies classify their farm consumers as such, and even the REA borrowers, who have a farm classification, cannot be certain that the consumers they classify as "farm" meet the census definition of a farm. As a result, there are undoubtedly errors in the estimates. These problems are not unique to REA; I am told the Edison Electric Institute has experienced the same difficulties in its estimates.

As the State estimates approach 100 percent and consequently change very little from year to year, it becomes increasingly important because of the operation of the State allotment formula that the estimates be accurate, and at the same time, it becomes increasingly difficult to make estimates which are accurate and consistent from one year to the next. Changes in the classification of consumers, changes in the actual number of farms as contrasted with the last census, and other related problems are magnified in their effect on the estimates.

There is support in some quarters for retention of the provision for an annual determination of the number of unelectrified farms even if the State allotment formula is abandoned. This is, of course, the difference between the two bills before this committee today. H. R. 2138 would eliminate the requirement for the annual determination; H. R. 5376 would preserve it. We will, of course, do whatever the Congress decides. Just what use would be made of the figures is something I do not know. We can make much better use of the time and effort involved. In our opinion, the census count made every 5 years furnishes accurate information on rural electrification progress.

In conclusion, I want to say that we support this legislation and urge its adoption. We think it is significant that the 1949 telephone loan amendment of the Rural Electrification Act, title II, makes no provision for annual determination of unserved farms or for a State allotment formula. I have heard no complaint over this or over the administration of telephone loan funds after 5½ years of telephone loan experience. It seems to me that the formula and the estimate of unelectrified farms can be dispensed with for rural electrification loans.

Mr. STRONG. The prepared statement is similar to the remarks recently made by Administrator Nelsen before the Senate Committee on Agriculture and Forestry in respect to S. 153, which likewise proposes to remove the State-allotment formula from the Rural Electrification Act.

The general idea of the amendment is to remove the State-allotment formula provided in paragraphs c, d, and e of section 3 of the act. This formula was incorporated in the act to provide, in the early days of the rural electrification program, an equitable means of allotting available loan funds among the several States on the basis of need, and to provide in orderly fashion for fair play among the several States in the progress of the program.

Under the formula, half of all newly authorized funds provided by the Congress are required to be distributed, or allocated, I should say, among the several States in the same proportion that the number of unelectrified farms in each State bears to the total number of unelectrified farms in the whole Nation. The other half of newly authorized funds is made available to REA for allotment at the discretion of the Administrator among the several States but with a limit of 10 percent to any individual State; that is, 10 percent of that remaining half of newly authorized funds.

By newly authorized funds I refer to contingency authorizations as well as the basic authorizations. Carryover funds, unexpended balances from the preceding year, or funds obtained by rescission of loans previously made but determined later to be unneeded or unwanted, are subject only to the 10-percent limitation, 10 percent to any one State.

In the early days of the program that formula served a useful purpose by providing equality as between States in the advancement of the program. It is our feeling in REA, on the basis of the experience

we have had in the last 2 years and after a very careful examination of the progress of the program and the status of electrification, that this formula is today not only unneeded but tends to work in the opposite direction from equality.

Today we estimate that by the end of this fiscal year in 40 of the 48 States more than 90 percent of the farms will have been electrified; that is, will have been connected with central station electric power. Our estimate is, nationwide, that by June 30 approximately 95 percent of the farms of the country will have central station electricity. The need, therefore, is not for distributing funds on the basis of the unelectrified farms, but rather to provide for the heavying up and for additional power generation needs of those States already well served with lines carrying power out to the farms. In some States at the present time, under the operation of this formula, funds are allocated to their use which they cannot use. In other States the formula restricts the ability of REA to allot to that State, to make loans, to a degree which hampers the orderly progress of the program. The outstanding example of that, I believe, this year is Colorado.

Under their operation of the formula it is necessary at times to draw upon the contingency funds—to draw down from them almost 20 times as much money as is needed in any one State over and above the regular funds authorized and distributed according to the formula provisions. We feel, therefore, that removal of the formula will not only provide for the orderly progress of rural electrification, but will make it unnecessary for the Congress to authorize each year an overall amount for loan purposes far in excess of the dollars actually needed.

We feel that the Administrator of REA, with the program at its present state of development, should have the authority, the discretionary power, without this formula restriction, to allot those funds made available by the Congress in such amounts to the several States as may actually be needed, rather than by means of an arbitrary formula that does not meet the needs of the day.

That, gentlemen, I think pretty well covers the situation with one possible exception, and that is a little more detail on the manner in which the first half of the formula is brought into being. Each year REA is required by the act to determine the number of unelectrified farms. Experience in recent years with the percentage of electrification up near the 100 percent mark is that it is a practical impossibility to accurately determine within a percentage point the true extent of electrification. That comes about by reason of natural errors coming in checks made by the Bureau of the Census, by power companies serving in the rural areas, by REA itself, and by several agencies of the Government having to do with such determination. Such errors sometimes give rise to rather ridiculous situations. For example, in the State of Maine this past year, and in many other States, the survey showed an apparent decrease in the number of farms served with electricity, percentagewise. Obviously, farms were not abandoning electric service. That apparent decrease in the number of farms served was just an apparent and not an actual decrease, a discrepancy brought about by the errors that are bound to result when, with 95 percent of the farms served, we attempt to determine how many remain to be served. The rural electric cooperatives are doing a magnificent job of extending their lines out to carry service to the

few who remain unserved. We in REA are giving them every encouragement to continue that until electricity has been made available to every person in the rural areas who wants electricity and who can be feasibly and economically served by these lines.

As I stated at the outset, gentlemen, of the several bills which have been introduced in the House and in the Senate, any one, I am sure, would accomplish the purpose which we seek. Thank you.

Mr. POAGE. We are very much obliged to you, Mr. Strong. You made a very fine statement. I will now ask members of the committee if we might follow an unusual procedure. You can be with us a few minutes?

Mr. STRONG. Surely.

Mr. POAGE. It seems to me it is rather apparent that the only point of difference is the question of the census. Of course we want to hear from anybody opposed to the principle, but nobody has expressed opposition to the principle.

Mr. STRONG. That is good news.

Mr. POAGE. If there is opposition, we will listen to those opposed this morning. But there is some difference about the census, about making a determination of the unelectrified farms. I wonder if it would not be well to hear from Mr. Ellis, and then we will have some background as to why there is any difference.

Mr. STRONG. That will be fine.

Mr. POAGE. So we will ask you to stay with us, Mr. Strong, and we will ask Mr. Clyde Ellis of the National Rural Electric Cooperative Association if he will make a statement for us, then we will ask you both to answer questions.

Mr. STRONG. I will be perfectly happy to stay.

Mr. POAGE. Thank you.

STATEMENT OF CLYDE T. ELLIS, GENERAL MANAGER, NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Mr. POAGE. Mr. Ellis, we are glad to have you back with us. Mr. Ellis served with distinction as a Member of Congress in years past.

Mr. ELLIS. Than you, Mr. Chairman. I am happy to be here and I appreciate the opportunity of appearing before this great committee again.

For the record, my name is Clyde T. Ellis, general manager of the National Rural Electric Cooperative Association, the national service organization of the rural electric systems of the United States, including Alaska. Some 92 percent of the over 900 rural electric systems over the country are members of the national organization.

Mr. Chairman, we are grateful for the interest which this great committee has always shown in the rural electrification program. It was this committee which initiated a change in the rural electrification law in 1944, known as the Pace Act, which changed the interest rate in the law, which extended the amortization period from 25 to 35 years, and which made REA a permanent organization within the Government, for REA was established for only 10 years, as you will recall, in the beginning. So we look to this committee once more for constructive legislation to improve, in terms of present-day conditions, the Rural Electrification Act.

If agreeable with you, I should like the statement which we have prepared to be filed for the record and to then highlight some of the statements which are made, but not to read the statement.

Mr. POAGE. Without objection the statement will be made a part of the record.

(The statement referred to is as follows:)

STATEMENT OF CLYDE T. ELLIS, GENERAL MANAGER, NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Mr. Chairman and gentlemen of the committee, my name is Clyde T. Ellis. I am general manager of the National Rural Electric Cooperative Association, the national service organization of the rural electric systems of the United States, including Alaska. About 92 percent of the more than 900 nonprofit rural electric systems are voluntary dues-paying members of this organization.

We hope that the Congress will see fit to eliminate the State allocation formula in the REA Act which REA is required to follow in making electric loans. The formula perhaps worked well throughout the early days of the program but, in our opinion, its usefulness ended a good many years ago. Under it, REA must set aside one-half of the funds available for use in each of the States in proportion to the unelectrified farms in each State, as a percentage of the total unelectrified in the Nation. The other half of the available funds may be loaned at the discretion of the Administrator, except that not more than 10 percent can be loaned in any one State during the fiscal year. As individual States become more nearly 100 percent electrified, the formula imposes a stumbling block to the lending of funds which are particularly needed for system improvements, generation and transmission loans (G. and T.'s), and other purposes.

The rural electric systems are on record requesting the change that we are supporting here today. As long ago as the fall of 1952, resolutions were adopted at all of NRECA's 10 regional meetings and at the NRECA national annual meeting in 1953 in San Francisco and in 1955 in Atlantic City, supporting the legislation which would eliminate the formula from the Rural Electrification Act.

Some of the reasons why our members think the formula should be eliminated are:

(1) In many States the greatest need for funds is for system improvements, "heavying up" existing lines and purposes other than extending electric service to unelectrified farms. Under the formula, no consideration is given to these purposes. Neither does the formula give any consideration to the necessity for generation and transmission facilities where, in many States, the power supply is pitifully below the requirements of the respective areas. Generally speaking, the necessity for system improvements, additional power supply and transmission facilities is greatest in those States which have a high percentage of electrified farms.

(2) The loan funds for generation and transmission facilities are badly needed in certain States where power supply is short. As a matter of fact, this is the largest single need for loan funds.

There are at least two examples of States where the demand for loan funds next year will exceed the amount available, assuming the Senate passes the loan fund authorization item for REA in the amount as it passed the House. The bill, as passed by the House, provided a regular REA electric loan fund authorization of \$160 million and a contingency authorization of \$100 million. This is \$65 million in contingency funds in excess of the budget request, but about \$150 million below NRECA estimates of the amount required to take care of all applications in certain States.

In these estimates, we are taking into consideration the fact that REA will have approximately \$56 million available in carryover funds and \$4 million in rescissions at the beginning of next fiscal year. With all of these funds, the loan needs cannot be met next fiscal year in Colorado and Illinois, and possibly some other States. Under the formula, the maximum amount which could be loaned in Colorado next year, if there is no change in the appropriation by the Senate, would be about \$19,900,000. Our information indicates that Colorado will need about \$23 million for generation and transmission loans alone in 1956, if no G. and T. loan is made this year. Loans also will be needed for other purposes which will further exceed the maximum that can be loaned in the State. In Illinois, the maximum which can be loaned in fiscal 1956 is about \$21,500,000. Here again,

it is expected that one G. and T. application will be made for between \$20 million and \$25 million.

And these G. and T. loans, as you know, cannot be made piecemeal. It's all or nothing in a single year for a feasible generation and/or transmission operation. They can be enlarged later, of course, but they must be born full-grown, so to speak, out of a single year's funds.

(3) It has often been necessary, because of the State allocation formula, for REA and the rural electric systems to request more funds than are actually needed. For instance, if the Congress makes available sufficient money for next year to take care of the actual needs in the individual States under the formula, the result will be a tremendous carryover into fiscal 1957.

(4) The loan needs in some States appear to run in 3- or 4-year cycles. For example, the needs may be very low for a particular year, while in the next year they may be very high. There is a wide variation from year to year, although advances appear to be fairly uniform. It is easily possible that in one of the high years, a State may need more funds than it can obtain under the formula. The following table, using Nebraska as an example, will illustrate the point:

Fiscal year	Loans approved	Loan funds advanced	Fiscal year	Loans approved	Loan funds advanced
1950.....	\$16,023,000	\$16,147,000	1953.....	\$11,979,000	\$5,383,000
1951.....	5,796,000	11,270,000	1954.....	13,671,000	12,871,000
1952.....	2,185,000	11,520,000	1955.....	¹ 1,000,000	-----

¹ Estimated.

The amounts in the above table are official REA figures.

(5) There are three States, namely, Massachusetts, Connecticut, and Rhode Island, for which the REA Administrator must set aside funds each fiscal year that are not used. No loans have ever been made in any one of these States and none are contemplated.

(6) In some of the Southern States, the consumer density is very high but average kilowatt-hour usage per consumer, in some cases, has lagged behind. Great changes are taking place in types of agriculture in some of these States, and as these changes take place it is expected that the average consumption will greatly increase. If this happens, there will be heavy demands for funds for system improvements, transmission facilities, and related items. As a result of these needs, some Southern States can easily exceed in applications the amount available to them under the State-allocation formula.

There are many other reasons which could be cited in support of the elimination of the formula. Ironically enough, the States which are most likely to need more funds than can be supplied under the formula are those States where REA loans have been approved in excess of \$100 million. There are nine States in this category. They are Iowa, Kentucky, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, Texas, and Wisconsin. All of these States have a high percentage of electrified farms, which again illustrates the necessity for changing the formula.

There are some people who seem to have a fear that the elimination of the formula will take control of the program away from the Congress. On the other hand, it seems to us that the continuation of the formula will come nearer to taking control away from the Congress, if sufficient funds are put in the budget to take care of the needs in certain States in a particular year. For example, "It is our understanding that REA proposes a lending schedule next year of about \$185 million. If the appropriations bill is finally adopted in the form in which it was passed by the House, REA will have available next year \$320 million by drawing down the contingency fund which was approved by Congress last year for this fiscal year and the contingency fund available during the next fiscal year. This would then mean that, although there was not enough money to take care of the needs in Illinois and Colorado, during fiscal 1956, REA would carry over into fiscal 1957 about \$135 million," which, incidentally, could be loaned at the discretion of the Administrator, with a limit of 10 percent to any one State.

RETAIN THE UNELECTRIFIED FARM SURVEY

Mr. Chairman, the members of our association wholeheartedly support the elimination of the formula. We do it for the reasons which have been cited. However, we would like to see any legislation which may be enacted by the

Congress retain the survey of unelectrified farms, which the Administrator is required to make at the beginning of each fiscal year. We believe that this is highly desirable. Such information cannot be obtained from any other reliable source. Census figures are not available soon enough to be of much help. The survey gives an accurate and quick picture of the current situation as far as electrified farms are concerned in each State. It furnishes the REA systems with ready information showing where extra effort is needed to reach unserved areas. It also serves as a ready reference to Members of Congress in following the progress being made in electrifying rural America. While the members of our association are very anxious to have the formula eliminated, they want the survey continued in the law.

In conclusion, we wish to thank you, Mr. Chairman, and your committee, for giving us this opportunity to be heard and for your friendly and considerate support of the rural electrification program in all prior years.

Mr. ELLIS. We congratulate the Administration, and the REA Administrator in particular, for advocating this constructive change in the law. The rural electric systems themselves are unanimously on record in support of this change. At their 10 regional meetings throughout the country 2 years ago they went on record favoring the change in the law, and have twice since then, the last time being at their national meeting in February, unanimously requested this change.

It is fair to say there are a few of our systems in the South whose leaders of late are apprehensive about the change, but I personally feel that without the change the program there will suffer more than it could possibly suffer with the change in the law.

Mr. POAGE. Do you know of any systems other than Mississippi who might even be apprehensive?

Mr. ELLIS. I do not think so. I think that is a fair statement.

I should like to mention some of the reasons which our people feel are good reasons for changing the law.

We are now into what we generally refer to as the heavying-up phase of the program. The power industry, as you know, is a very rapidly growing industry in America. We think it is the most rapidly growing of all the major industries. Its total plant must be increased about 100 percent every 7½ or 10 years. The rural electrification demands are growing even faster. Our use of power is doubling about every 4 to 5 years and we see no indication that that growth will level off in the near future. Our greatest need for funds is in those States where the program is the furthest along, where there is the greatest use of power, and not in the States where the highest percentage of unelectrified farms is to be found.

So the need for the formula has ceased to exist and, as Mr. Strong has so ably stated, the formula is working in the reverse of its original good intention, and the formula was good in the early days, but it is not good now.

And of course we need additional power supply in those States where the program is the heaviest, and that calls for more funds. We need additional generation and transmission facilities. We have trouble getting under the formula enough money out of the annual congressional loan authorizations to establish a new generation or transmission system in a given State, or in some cases for additional units to the already existing generation facilities. As a consequence, we have to go before the House committee and ask for more funds each year than are actually needed, and that is a sort of embarrassing situation. We go in and say to the committees: We have made a complete survey of

the systems, which we do annually, and the system managers say they will need X amount of funds in the next fiscal year. In order for the rural electrics to be able to borrow this X amount of funds, Congress would have to approve also a Y amount in addition, so that under the formula the funds actually needed may be used. That is not good for us and not good for the Congress to have to authorize more funds than are actually needed. Therefore, it seems to us it would be better to get rid of the formula.

On page 4 of our prepared statement we have listed a table showing the variation in fund requirements, using Nebraska as an example. You will note the loans approved by REA for Nebraska were \$16 million in 1950; down to \$5 million in 1951; down to \$2 million in 1952—these are all round figures—up to \$11 million in 1953; \$13 million in 1954; and drop down to \$1 million in 1955. Therefore, there is no equity under the formula where there is such variation in requirements.

REA is required to set aside funds for States where it never has made loans and probably never will. It must set aside funds out of each year's authorization under the formula which it cannot lend to anybody that year, just because of the formula.

With regard to what the situation will be next year without the formula, I want to read a part of one paragraph from our prepared statement:

It is our understanding that REA proposes a lending schedule next year of about \$185 million. If the appropriations bill is finally adopted in the form in which it was passed by the House, REA will have available next year \$320,000 by drawing down the contingency fund which was approved by Congress last year for this fiscal year and the contingency fund available during the next fiscal year. This would then mean that, although there was not enough money to take care of the needs in Illinois and Colorado, during fiscal 1956, REA would carry over into fiscal 1957 about \$135 million.

So you see, we find ourselves in the ridiculous situation where there is not enough money to take care of some of the States, and yet REA will carry over something in the neighborhood of \$135 million into the next year.

The rural electric systems do want the unelectrified farm survey that is now in the law retained. Why? If it is not retained, there will never be a time henceforth that you of the Congress or we of the rural electric systems or the officials of REA can guess within a fair estimate of accuracy what the unelectrified farm situation is in the country. Sure we can take the Edison Electric Institute's figures for it, but that will be the only source, and the Edison Electric Institute is an organization of the commercial power companies, and the Edison Electric Institute and the commercial power companies, as far back as 1949, were claiming the electrification program was substantially completed. I am sure the chairman will recall that during the hearings held on his own Poage bill in the latter part of 1945 the officials of power companies appeared and said in effect that no further funds than those then authorized would be required to substantially finish the rural electrification program, and therefore your bill proposing to substantially increase the authorization was not needed. And I am sure the committee members will recall that several times as much money has been loaned since 1945 as had been loaned up to that time. So the power companies' figures were way off. We do not want to have to rely on their figures.

This job of completing rural electrification in terms of getting the power to those who do not have it is still a gigantic job in this country. There are still upward of half a million farm homes without electricity in America. That is rather a sad situation. We hear from those people, and I am sure you do, in areas where that situation exists, who do not have electricity and who want it. Imagine the state of mind they must be in when they are pleading for something most of America has had for half a century and cannot get it. They are frustrated and mad and want electricity. If the unelectrified farm survey is eliminated nobody will be able to say that funds are needed to continue serving unelectrified farms because at the given time there are still a certain number of unelectrified farms in America.

I have before me the REA figures which show that, for instance, in Mississippi on June 30, 1954, 25 percent of the farms were still unelectrified; that in Maine 12 percent of the farms were unelectrified; in Florida, 14 percent; in Arkansas, 15 percent; in Alabama, 12 percent; in Nevada, 31 percent; in Montana, 12 percent; and various other percentages running through the States. Sure, REA cannot tell exactly what the percentage of unelectrified farms is each year, but REA's estimate would be better than nothing. It is REA's estimate or nothing that we can rely on, because, I mention again, the power companies dwell upon and emphasize their general statement that the program is completed. It is far from completed. We do not think this unelectrified farm survey costs much, and we would like to see it left in the law.

That is our statement.

Mr. POAGE. Thank you very much, Mr. Ellis.

If I may, I will recess the committee just a moment.

(Brief recess.)

Mr. POAGE. The committee will come to order and we will now hear from Mr. John Lynn of the American Farm Bureau Federation.

STATEMENT OF JOHN C. LYNN, LEGISLATIVE REPRESENTATIVE, AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. My name is John C. Lynn. I am the legislative representative of the American Farm Bureau Federation. In the interest of time I would like to file this brief statement for the record.

Mr. POAGE. Without objection it will be included in the record.
(The statement referred to is as follows:)

STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

At the most recent annual meeting of the American Farm Bureau Federation the voting delegates of the member State farm bureaus recommended that the formula for allocating REA funds be modernized.

The formula in the present law served a desirable purpose at the time the REA Act was approved. Since a very large percentage of the farms of the United States were not electrified there was need for the use of a formula to insure that all areas of the United States were given comparable consideration.

At the present time, however, about 93 percent of the farms in the United States have electric service. Since the primary need is no longer for developing new distribution systems in areas not served, but rather to heavy up existing systems, the old method of allocating funds on the basis of the number of farms not provided with electric service is no longer a correct measure of need.

In order to provide funds to meet loan requirements in all areas the Congress has found it desirable to appropriate relatively large amounts for contingency funds. The only purpose of these funds was to get around the obsolete formula of the basic legislation. The appropriation of money for these contingency funds distorted the budgetary situation and created quite erroneous impressions as to the actual amount of money provided for REA loans. The elimination of the old formula would contribute to realistic budgetary practice.

We understand that, as a matter of fact it has been the practice of the REA Administrators, and we are sure this has been in accordance with the intent of the Congress, that by one means or another all economic and feasible applications for loans by rural electrification cooperatives would be approved. This being the case it appears clear that no real purpose is accomplished by the retention of the present formula.

For these reasons we respectfully recommend the enactment of S. 153.

The present language of S. 153 involves one perhaps unintended change, in that it would strike from section 3 (c) of the act the provision that the Administrator shall make an annual survey of the number of farms in each State not receiving electric service. We would recommend that this provision be retained. It would seem to us that it is desirable for the Congress and the public to have current factual data with respect to the extent to which electrification has been accomplished in each State, as the basis for intelligent understanding of the situation. Since the Census Bureau makes estimates of the number of farms electrified at 5-year intervals, it would appear to be a simple and inexpensive statistical operation to project these figures each year.

The opportunity of presenting the viewpoints of the American Farm Bureau Federation on this matter is appreciated.

Mr. LYNN. I will make just one or two brief comments. We support this bill, but we, like the NRECA, feel that the annual survey should be continued. Based on the information we have, the cost for making this survey is very small in relation to the value that it will be to the Congress and to organizations such as ours in trying to keep some idea as to the progress being made in extending rural electricity to the rural areas.

Therefore, we would like to support this bill but would recommend that the committee not strike section 3 (c) of the act, which provides for this annual survey.

We are gratified with the progress that has been made in the extension of electricity to rural areas. We have always supported enthusiastically the REA and will continue to do so.

That concludes my statement, Mr. Chairman.

Mr. POAGE. Thank you very much, Mr. Lynn. Any questions?

Mr. HOPE. I understand from your statement it is your impression H. R. 5376 strikes out the provision for the annual survey. I do not understand that to be the fact.

Mr. LYNN. That may be an error on my part. If it leaves it in, then we are very much for the bill.

Mr. POAGE. I think you are referring to the earlier bill.

Mr. LYNN. If that is true we are in full accord with the bill.

Mr. POAGE. It changes (d) and (e)

Mr. HILL. It strikes it out and rewrites it.

Mr. POAGE. It strikes out that portion that related to apportionment of the funds but rewrites the portion that relates to the sections on the estimate of service.

Any further questions of Mr. Lynn? If not, we are very much obliged to you, Mr. Lynn, for the statement.

Mr. MacDonald is here for the National Farmers Union.

**STATEMENT OF ANGUS MacDONALD, ASSISTANT LEGISLATIVE
REPRESENTATIVE, NATIONAL FARMERS UNION**

Mr. MACDONALD. Mr. Chairman and members of the committee, I am Angus MacDonald, assistant legislative representative of the National Farmers Union.

I have a brief prepared statement which I have given Mr. Reid and to save time I will not read the statement.

Mr. POAGE. You would like to insert the statement in the record?

Mr. MACDONALD. Please, sir.

Mr. POAGE. Without objection it will be included as a part of the record.

(The statement referred to is as follows:)

**STATEMENT OF JAMES G. PATTON, PRESIDENT OF THE NATIONAL FARMERS UNION,
IN SUPPORT OF H. R. 4572**

Mr. Chairman and members of the committee, we are presenting this statement in support of H. R. 4572, sponsored by Congressman Johnson of Wisconsin. We believe that the formula which requires half of the total funds appropriated for rural electrification in any 1 year to be distributed in proportion to population and unelectrified farms has outlived its usefulness. The job of connecting American farms with central electric service stations is almost completed. About 93 percent of the Nation's farms now enjoy the benefits of electricity. Only farms in the most sparsely settled and remote areas are unable to get electricity.

We wish to pay tribute to the magnificent job which has been accomplished in the last 20 years. When the program started in 1935, only 10 percent of the Nation's farms were electrified. Over the bitter opposition of private power companies loan funds have been secured which enabled millions of farmers to pool their efforts in the distribution of electric power. Although this fact is well known, we do not think it can be mentioned too often that the rural electrification program is self-liquidating and that it actually brings funds into the United States Treasury. Contrary to a recent advertisement in the March 4, 1955, issue of Collier's magazine and March 1955 issue of American magazine, people living in urban areas are not subsidizing the rural electrification program. On the contrary, the rural electrification program has indirectly enabled people living in cities and towns to enjoy a higher standard of living. It has indirectly furnished customers for those selling electrical appliances and thereby has resulted in the employment of hundreds of thousands of workers in the electrical industries.

The primary need in the future is a vertical expansion of REA. There are shortages appearing in various areas in the United States. Farmers are running out of power; they need new generators, new transmission lines and other facilities because demand has grown so fast that existing facilities are unable to supply and to transmit energy needed on American farms. Installation of new generating and transmission facilities will necessitate loaning a disproportionate amount of money in areas suffering these shortages. Two notable examples are the States of Colorado and Illinois, which are unable to obtain needed funds for generating and transmission purposes even though Congress has appropriated the money. The formula acts, at the present time, as a bottleneck which prevents vertical expansion. This is the principal reason we are urging it be eliminated by enactment of this legislation.

According to our information, the elimination of this formula under the provisions of this bill will eliminate also the certain statistical work which heretofore has been done by the Rural Electrification Administration. We urge therefore that the bill be amended to provide that the annual survey as to the number of electrified and unelectrified farms be carried on in the future as it has in the past. We do not feel that the census figures are sufficient. It is reported that takers of the census do not reach some remote areas. In any event census figures are from a year to a year and a half late. American farmers should not have to depend on figures of the Edison Electric Institute in regard to unelectrified farms. Since this group is opposed and has always been opposed to the rural electrification program, we feel that it would be a great mistake to take this annual survey out of the hands of the Department of Agriculture.

We urge therefore that the bill be amended in this respect.

Mr. MACDONALD. I will merely say that the National Farmers Union is in complete support of the position taken by the Rural Electrification Administration. I was under the illusion, as was Mr. Lynn, that the bill that this statement is directed to eliminated the survey. I will amend that by saying it is our understanding that H. R. 4572 and H. R. 5376 would continue the survey. Therefore, we are in complete support of these bills.

I believe that is all, Mr. Chairman.

Mr. POAGE. We thank you very much, Mr. MacDonald. Any questions of Mr. MacDonald?

Mr. HOPE. You want the survey continued?

Mr. MACDONALD. Yes.

Mr. HOPE. And you will correct your statement to that effect?

Mr. POAGE. I do not believe he mentions that in his statement.

Mr. HILL. Yes, he does in the next to the last paragraph.

Mr. HOPE. That will be corrected?

Mr. MACDONALD. Yes.

Mr. POAGE. Thank you very much.

Mr. Newsom was expected to be here for the National Grange, but he was not able to be here and he has submitted a statement. Mr. Newsom has asked us to include in the record a statement by Mr. Halvorson, of the National Grange, and without objection that statement will made a part of the record.

(The statement referred to is as follows:)

STATEMENT OF LLOYD C. HALVORSON, THE NATIONAL GRANGE

The National Grange supports the objective of H. R. 5376 and similar bills. Recent experience with the formula set up to allocate REA loan funds to the States shows that it is inadequate and even a hindrance to the present situation. Present experience with the formula is that it gives more than the amount of money which can be profitably used to some States and not enough to other States.

The National Grange has been a strong supporter of the REA program for many years. We think it is very important to recognize the fact that rural electrification needs in the present program can no longer be measured on the basis of unelectrified farms in any given State or area. Allocations of funds to States must take into full account the fact that many of the present REA systems are inadequate for the present uses which farmers are making and will make of electricity.

We believe that enough money should be available for the REA programs so that all worthy projects can be carried out. Because of this we favor eliminating the present formula for the allocation of REA funds to the States based on the degree of unelectrified farms, and instead leaving the allocation up to administrative determination. We are confident that this administrative flexibility will be exercised in the best interest of the rural electrification program.

Mr. POAGE. Mr. Wallace Campbell is present and we will be glad to hear from you, Mr. Campbell.

STATEMENT OF WALLACE J. CAMPBELL, DIRECTOR, WASHINGTON OFFICE, COOPERATIVE LEAGUE OF THE UNITED STATES

Mr. CAMPBELL. To save time I would be very glad to have you insert my statement in the record.

Mr. POAGE. Without objection the statement will be included as a part of the record.

(The statement referred to is as follows:)

STATEMENT OF THE COOPERATIVE LEAGUE OF UNITED STATES OF AMERICA IN
SUPPORT OF ELIMINATION OF THE STATE ALLOTMENT FORMULA IN THE RURAL
ELECTRIFICATION ACT

My name is Wallace J. Campbell. I am director of the Washington office of the Cooperative League of the United States of America, a national federation of consumer, service, and purchasing cooperatives. We have in direct membership about 2 million families, the majority of whom are farm families.

The Cooperative League has been greatly interested in the rural electric program since its inception, and is happy to have an opportunity to present its views on the proposed elimination of the State allotment formula in the Rural Electrification Act.

As the farm homes of America have become electrified, the need which was inherent in the situation in the midthirties for protecting the distribution of loan funds from State to State is no longer essential. In the early days, as this committee will remember very well, the pressure for bringing central electric power to the farms was so great and the availability of funds so limited, relatively, that there was great pressure to see that no State received an undue amount of loan funds while another State might suffer in its program of electrification.

Today the need for rural electrification loans is quite different. In many States the problem is less to bring power to new and unelectrified farms than it is to "heavyup" the existing transmission lines or to provide generation loans to assure adequate low-cost power. In some other States there have been no loans made in recent years, and no indication that there will be such a need.

The State allotment formula, as a result, leads to a carryover from year to year of funds which are not put into use, while other States suffer in their electrification programs simply because of the existence of an outdated and outmoded formula. The electric cooperatives concerned, and the Rural Electrification Administration and the major farm organizations are all supporting such a change. The cooperative league is happy to add its voice to this support.

The needs in any given State may well follow cycles rather than coming in constant patterns. The REA needs a flexibility which is not feasible under the existing formula. The Congress, at the same time, is caught with an unrealistic financial situation where it must continue to appropriate more funds than it knows will be loaned in any given year because a certain amount of those funds will inevitably be held in an unnecessary reserve for States which will not use them, and will go into a carryover. This carryover gives the public the impression that more funds are being appropriated than are actually needed and that the program itself could be cut substantially, where that is not the case.

There was a legitimate fear in the early days of the REA program that some States would not secure their adequate or reasonable proportion of the available funds. It is our sincere belief that removal of the formulas would not constitute a hardship in any given State, since there should be adequate funds to meet legitimate needs in all areas.

URGE CONTINUATION OF UNELECTRIFIED FARM SURVEY

While the Cooperative League is wholeheartedly in favor of eliminating the formulas, we believe the Rural Electrification Administration should continue its unelectrified farm survey. This information is essential at all points in the operation of the program and is not contingent solely on continuation of the formulas. Today the only other source of information about unelectrified farms is in the census. Such information is usually a year or 2 years out of date before it is finally compiled. Effective and intelligent administration of the program calls for up-to-date continuing sources of information which should not be dependent upon outside sources which are so late as to destroy their usefulness.

We believe it is in the interests of the REA itself to continue the survey. And the Congress, which must have all of the facts available in this program when it enacts legislation in this field, should not give up this essential source of information.

Mr. CAMPBELL. For the record, my name is Wallace J. Campbell, and I am head of the Washington office of the Cooperative League. More than half of our 2 million members are farmers and we have always been in favor of the REA program and are now, and we wish to go on record in favor of the elimination of the formula.

We would like just to underline one matter on public relations which is very important, and that is that the Congress from time to time is caught with an unrealistic situation where it must continue to appropriate more funds than it knows will be loaned in any given year in order that there may be a carryover. The carryover gives the public the impression that more funds are being appropriated than actually needed and that the program could be cut substantially, which is not the case.

We also would like to go on record as being in favor of continuing the unelectrified farm survey. The census figures are late, out of date, and sometimes inaccurate because that is not the primary business of the census and the information that is gathered is incidental to other information gathered by the census. So we would like to go on record as favoring the continuation of the unelectrified farm survey in order that Congress may have all the facts on which to base its legislation.

We appreciate this opportunity to be heard before the committee.

Mr. POAGE. Thank you very much. Any questions of Mr. Campbell? If not, we are very much obliged to you and I am going to suggest to members of the committee that they might now like to question the witnesses en bloc, as it were. We have several here and we might want to call on some particular individual or comment on some particular phase of a witness' testimony.

I think we might ask Mr. Stong if the REA has made any estimates as to what the cost of this survey is per year.

Mr. STRONG. We estimate that our portion of the cost of the unelectrified farm survey approximates \$3,000, a relatively minor sum. The overall cost of this survey plus the man-hours involved in the application of the formula totals much nearer \$25,000.

Mr. POAGE. If we pass this legislation you would not have to apply the formula, would you?

Mr. STRONG. No.

Mr. POAGE. You would save that?

Mr. STRONG. That is right. That is why I split it in two parts.

Mr. POAGE. So that, even if you made the survey, you would still make a substantial saving if this legislation is passed?

Mr. STRONG. That is correct, and we feel there are worthwhile uses to which that money could be placed.

Mr. HOPE. I understood you to say your part of the cost of the survey. What other agency bears a part of the cost?

Mr. STRONG. I will ask Mr. Robert Partridge, our program analyst of the REA, to answer that.

STATEMENT OF ROBERT PARTRIDGE, PROGRAM ANALYST, RURAL ELECTRIFICATION ADMINISTRATION

Mr. PARTRIDGE. The Federal Power Commission assists us in making the survey. They furnish us lists of utilities to which we address questionnaires. We also contact the State utility commissions in each State to find out what they have in the way of data on unelectrified farms. And we contact each municipal company and the REA borrowers specifically as to whether they serve across States.

Mr. HOPE. That does not indicate that there would be any substantial cost so far as any of these people on whom you rely for infor-

mation are concerned. They would not charge you for that information, would they?

Mr. PARTRIDGE. Not substantially. Some State commissions have put quite a bit of effort in getting information on unelectrified farms. One group I did not mention is the Edison Electric Institute. We maintain liaison with them and they furnish us with some data.

Mr. HOPE. Have you had any difficulty obtaining full cooperation from the agencies you have mentioned?

Mr. PARTRIDGE. No, sir. They have been most cooperative with us. They have made clear to us their estimates in many cases are perhaps not too reliable. They have the same difficulties we have in trying to make accurate estimates.

Mr. HOPE. By going to all those sources you have an opportunity to cross check, I assume?

Mr. PARTRIDGE. That is correct.

Mr. HOPE. Which would make your figures more accurate than checking with just one source.

Mr. PARTRIDGE. Yes, sir.

Mr. HOPE. That is all.

Mr. JOHNSON. When you talk about unelectrified farms, take Mississippi, for example; if you have a big plantation that is electrified and the tenant houses are not electrified, how is that classified?

Mr. PARTRIDGE. The farm is classed as one farm. So far as the consumers who are served, they are usually reported by their individual meters. Usually each house has a meter on it. That gives rise to another problem we have in making the estimate, in that each meter reported is not necessarily a farm. We had raw data estimates that ran 140 percent of the farms in a given State being electrified. Edison Electric Institute has the same problem, and have had to work out an adjustment factor to take care of that.

Mr. POAGE. What you are telling us is, for instance on my dairy we have four different meters. you first get them as though they were different farms and then you make the adjustment?

Mr. PARTRIDGE. Yes.

Mr. JOHNSON. If electricity runs by the farm and is not connected, the farm is still considered unelectrified?

Mr. PARTRIDGE. That is correct.

Mr. JOHNSON. You do not know how many of those situations there are?

Mr. PARTRIDGE. In answer to your question, that is correct. If they are not actually served and are not shown as a consumer, it is considered an unelectrified farm.

It might be interesting to the committee to point out some of the troubles we have had with our estimates in the past. For example, in the 1950 estimate we show a United States total of electrified farms amounting to 86.3 percent of the farms in the United States. When the census data became available, it showed the farms electrified as of April 1, 1950, and that percentage was 77.2 percent. The difficulty is principally one of a base number of farms which we must use. In making the 1950 estimate we had to refer to the 1945 farms reported by the census. It made a considerable difference when the census figures became available in 1950. The farms electrified January 1, 1945, as reported by the census were 45.7 percent, and our estimate as of June 30, 1945, was 44.7 percent—fairly close.

Mr. STRONG. Mr. Chairman, I would like to restate briefly and add to a comment I made in the early part of my testimony.

Mr. POAGE. Surely.

Mr. STRONG. I believe at that time that we felt almost any one of these bills before the Congress would accomplish the principal objective we had, namely, elimination of the formula, which hampers the orderly progress of the program and requires the authorization of money not actually needed in the program.

In connection with the unelectrified farm survey, we feel, as we believe Mr. Partridge's testimony has indicated, that that survey and the resulting figures are unavoidably inaccurate. Therefore, the survey is unnecessary and cumbersome. We feel also that constant repetition publicly of the 95-percent completion figure of farms served from central stations serves only to mislead and confuse the public into thinking that the job of rural electrification is just about completed. That is not the case, as Mr. Ellis has testified. It is not the case because the job of rural electrification is not done in spite of the fact that as of this coming June 30 we feel confident that our estimate of the number of farms served will approximate 95 percent. The average person, uninformed as to the intricacies of rural electrification, might jump to the conclusion from that 95-percent figure that only 5 percent of the goal established back in 1935 remains to be done. We know in REA that there is a big job to be done, and we do not believe that 95 percent actually presents to the public a true picture of what remains to be done.

Mr. POAGE. Do you not recognize, and I think the members of the committee can readily understand the difficulty with which you are faced in securing accurate statistics, and recognize that you cannot possibly be expected to get absolutely accurate figures, but still it is true that you do make an estimate, and if you do not continue to make your own estimates, then the only estimate that you will get will be the ones supplied by the Edison Institute, which probably could be no more correct? Obviously, their estimate is going to have some of the defects which yours has, and some in addition.

Mr. STRONG. I think you are quite right in that, but I would like to take it one step further to the point of whether any survey is longer needed, with 95 percent of the farms served, with the major job ahead of us not one of extending service, but one of heavying up, of improvement of the systems, of improving the supply of power to make certain that the needs of the farms are met at every step of the way. That is the big job which lies ahead, and that is not reflected by the 95-percent figure that I was referring to.

Mr. POAGE. Of course that is correct, but is not this also true, that there are probably eight States in which they are lagging behind in actual connections, and it probably does serve a useful purpose to be able to single out those particular States? Of course, your organization knows which eight States they are, but I do not know just which they are. Is it not desirable to be able to point your finger and say, These are the States? Nevada is one of the States, for instance. Is not that desirable, rather than simply having the general information that the average is 95 percent? Is it not desirable to be able to point to those States which are lagging behind?

Mr. STRONG. Our experience has been for the last couple of years, Mr. Chairman—and I think it certainly would be true in the rural

areas if they are lagging—that they do not hesitate to let their Congressman know what their situation is.

Mr. POAGE. I think that is correct.

Mr. HOPE.

Mr. HOPE. I would like to ask this question: In view of what you have just said, Mr. Strong, it would seem to be desirable to have some figures that might more accurately reflect just what the job is that is ahead. Would it be possible for you to secure figures which would indicate what you and Mr. Ellis have both said does constitute the big job of improving these existing systems, and the extension of power sources, of building up the connecting lines, and that sort of thing? Could you do that as a part of your survey?

Mr. STRONG. Yes, Mr. Congressman, I think you are quite right in that respect. Within the last year, the REA has, for the first time, instituted a comprehensive annual survey of the rural electric systems, calling upon them for their estimates of the loan needs, by farms, for a 5-year period ahead, broken down into distribution connections, for consumers, heavying up of line, generation, needs, and so on, so that we have in our hands, for the first time now, a reasonably accurate picture of what the need is next year, the year after, and the year after, and so on. That survey, as I said, is to be an annual survey. We feel that with a couple of years of experience, on our part and on the part of our borrowers, that that survey will provide us—will provide the Congress and the public—with a very accurate picture of where the program is headed, where the needs are, and so on.

Mr. HOPE. Does the language in the bill 5376—well, let me say the language in the present law, because that is what it is—take care of all you need to carry out your survey that you are making now? In other words, I assume that you are obviously operating under the provisions of some law that authorizes you to make the survey:

Mr. STRONG. 5376 is Mr. Poage's bill?

Mr. HOPE. Yes.

Mr. STRONG. That eliminates the formula?

Mr. HOPE. Yes.

Mr. STRONG. Apparently all witnesses here have agreed to that.

Mr. HOPE. But it retains, it restates the survey provision.

Mr. STRONG. Yes.

Mr. HOPE. But this survey does not cover the broad ground which you have mentioned. But I take it there is something in the law somewhere that gives you the authority to make this broader survey.

Mr. STRONG. Yes, there is, Mr. Hope. Section 2 of the Rural Electrification Act. In that section appears this language:

The Administrator is authorized to make, or cause to be made, studies, investigations, and reports concerning the conditions and progress of the electrification of, and the furnishing of, additional telephone service in the rural areas of the Federal States and Territories and to publish and disseminate information with respect thereto.

We are proceeding under that authority, already contained in the act, with this survey, for borrowers' needs, of which I just spoke to you.

Mr. HOPE. My point is this: Could you not combine that information, the results of the surveys, in the Poage bill—and which the Johnson bill contains in the amendment, here? Could not that include also the result of the information which you gather by reason of the other authority? I agree with you that just to publish the results of

this survey as to the number of farms that are served or not served, percentagewise, does not give the full picture. Would it not be advisable, when you publish the results of the survey, to include all of these factors that you develop by reason of the provision in section 2?

Mr. STRONG. The correlation of the reports of these two surveys has not been effected as of this time. They came at different times of the year. In the first year, the new survey was intended to show the loan needs and the purpose of the loan needs. It would be entirely possible, I should think, to correlate, to coordinate, them. We have given public distribution of the result of the surveys that I told you about as to the borrower needs, showing in effect the rural electrification needs. That has been published, and we intend to make it public annually.

Mr. HOPE. Well, it seems to me, whether you need any more language than you have here or not, that an additional purpose of this survey, as well as the other survey, is to develop information as to the needs, and if you are going to make that information public, it would be well to combine the two, or at least to correlate them, so that the public would know what was necessary to do in order to bring the whole program up to date.

Mr. STRONG. I am quite sure that that can be done.

Mr. JOHNSON. Will the gentleman yield?

Mr. HOPE. Yes.

Mr. JOHNSON. Did I understand you to say that they are being made at the same time of the year, and that you think they could be made at the same time of the year and put in the same report?

Mr. STRONG. The plan for this coming year is to coordinate and correlate them. The first survey was instituted as a sort of interim period project. In the coming year, it will be coordinated and correlated and furnish information, of course, for the requirements for the unelectrified farms.

Mr. HOPE. Now, assume that we report and pass the Poage bill, which contains the provision for the survey, and you go ahead just as you are now, with this survey and the survey provided for in section 2, you would then make a report, combining and coordinating the two, so that you would give the public the true picture. Do I understand that would be the idea?

Mr. STRONG. That would be our new objective; yes.

Mr. BASS. I would like to ask you this question: Actually there are only two objections to the survey. One is the amount of the inaccuracy in it, and the other is the cost of it; is that correct?

Mr. STRONG. Well, there are three. The major objection, to my mind, is that it presents an inaccurate distorted picture to the uninformed public.

Mr. BASS. That is one.

Mr. STRONG. When they see here a statement that 95 percent of the farms of the country are receiving central station electric service, they cannot be blamed for reaching the conclusion that the job of rural electrification is about finished; that it is 95 percent complete.

That is my personal objection.

Mr. BASS. The cost is a very nominal objection, is it not?

Mr. STRONG. The dollars?

Mr. BASS. Yes.

Mr. STRONG. Yes; \$3,000.

Mr. BASS. That is very nominal, in the overall picture.

Mr. STRONG. Yes.

Mr. BASS. There was something said here about which I would like to ask a question concerning the State of Mississippi. Some people down there have been objecting to the other phase of the bill. Do you have a record as to whether the State of Mississippi has used the funds made available in the past, or whether they have turned back funds?

Mr. STRONG. Yes; I think we do have that record here. I believe Mr. Partridge has that.

Mr. BASS. Very well.

Mr. PARTRIDGE. During the fiscal year 1950, Mississippi received 2.3 percent of the total loans, total electric loans made during that year. Their unelectrified farms amounted to 10.5 percent of the total in the United States.

Mr. BASS. Does that fulfill the eligible requests that were made in the State of Mississippi?

Mr. PARTRIDGE. Yes, sir, it did.

Mr. BASS. What about the last year; do you have that information?

Mr. JOHNSON. One question right there, if I may? How much could they have received in that year, if they had taken advantage of the privilege?

Mr. STRONG. About four times what they actually asked for.

Mr. PARTRIDGE. The maximum amount—perhaps this would be more nearly what you are interested in—the actual amount which might have been loaned, I do not have for 1950, but if it will be all right to start with 1952, I can give you the figures showing what the maximum amount might have been in loans to Mississippi.

Mr. BASS. Very well.

Mr. PARTRIDGE. Beginning in 1952, then, the maximum amount which could have been loaned, under the act, was \$36,643,608.

Mr. BASS. How much was actually loaned to them?

Mr. PARTRIDGE. I do not know that I can supply you at this time the actual amount loaned in the State.

Mr. BASS. But have you ever had requests for more money than was available to the State of Mississippi under this present program?

Mr. PARTRIDGE. We have never had more requests in Mississippi than was actually available to them under the formula.

Mr. BASS. Under the new setup, would all the money needed by them still be made available to them?

Mr. STRONG. Oh, yes.

Mr. PARTRIDGE. Yes. We have turned up here the figures showing the actual loans made during the year, as against the maximum. In 1952, the actual amount loaned in Mississippi was \$153,000.

Mr. BASS. \$153,000?

Mr. PARTRIDGE. Yes.

Mr. BASS. And it could have been \$36 million?

Mr. PARTRIDGE. Yes, that is correct. Now, I can give you the other years on that.

Mr. BASS. That is all right.

In other words, what I wanted to get in the record was the fact that the money has been made available to the State in excess of the amount they have qualified for.

Mr. PARTRIDGE. That is correct.

Mr. BASS. Can you give us the States that have had eligible applications that you could not fulfill as the result of this provision for the formula?

Mr. PARTRIDGE. At the present time, we have the State of Colorado where we have approximately \$14 million available this year. The actual amount is \$14,187,012 maximum for Colorado. The loan needs in Colorado this year, so far as we are able to determine them now, are approximately \$19 million. A portion of that—about \$5 million of it—may not be needed until late June, the way the loan schedule is now running. We can probably carry that small amount over until the next fiscal year and make it, but the fact is that the loan need this year does exceed the amount available.

Mr. BASS. In other words, using this formula, there are some States that are not being furnished the amount of money they need while there are other States that are not using what could be made available to them?

Mr. PARTRIDGE. Yes; that is the effect of it, and we think that that effect would be intensified in future years.

Mr. BASS. Do you have on the record, just for my personal information, the State of Tennessee? What does your record show as to the electrification of farms in Tennessee? The unelectrified farms in Tennessee?

Mr. PARTRIDGE. The unelectrified farms?

Mr. BASS. Yes.

Mr. PARTRIDGE. In Tennessee, the number of farms receiving central station power as of June 30, 1954, was 220,883.

Mr. BASS. Percentagewise, do you have the figures giving that information?

Mr. PARTRIDGE. Yes; the percentage of farms was 95.4.

Mr. BASS. Electrified?

Mr. PARTRIDGE. Electrified.

Mr. BASS. What is the figure for Arkansas?

Mr. PARTRIDGE. In Arkansas, the percentage figure is 84.7 percent, or a total of 154,485 farms electrified.

Mr. BASS. In other words, in the State of Tennessee, we have about 95 percent, or more than 95 percent of the farms electrified; and in Arkansas they have about 87 percent of their farms electrified?

Mr. PARTRIDGE. Yes; 84.7.

Mr. BASS. In other words, 11 percent more of the farms in Tennessee are electrified than in Arkansas?

Mr. PARTRIDGE. Yes.

Mr. HILL. Suppose you give us the information for Colorado, if you do not mind; as long as you are comparing Arkansas with Mississippi, let us get some of the Western States in the record.

Mr. PARTRIDGE. All right.

The percentage of farms electrified in Colorado as of June 30, 1954, was 93.8, or a total of 42,751 farms.

Mr. BASS. Over 93 percent of the farms in Colorado are electrified?

Mr. PARTRIDGE. 93.8 percent, yes.

Mr. BASS. The Rural Electrification Program is worked on a sort of franchise basis, all over America, is it not? I mean that the cooperatives—and maybe I should address my statement to the head of the organization, Mr. Ellis.

Mr. PARTRIDGE. Yes.

Mr. BASS. How many active cooperatives do you have in America, Mr. Ellis?

Mr. ELLIS. There are about 900. I would have to submit the exact figure.

Mr. BASS. How many of those cooperatives are power-producing cooperatives?

Mr. ELLIS. About 45; I would say about 45.

Mr. BASS. About 45 of them?

Mr. ELLIS. Yes.

Mr. BASS. Now, they work in franchise areas?

Mr. ELLIS. In some States they are franchised and in some States they are not.

Mr. STRONG. I might add that it is a matter that is pretty largely up to the States; it is a matter of State law with jurisdiction usually given to the State regulatory body.

Mr. BASS. In other words, the State itself usually determines whether the power-producing unit will have a franchise to operate within that State, does it?

Mr. STRONG. In certain areas.

Mr. BASS. That is what I mean, in certain areas.

Mr. STRONG. Yes.

Mr. BASS. Ordinarily, however, the Federal Government does not try to control the franchise power-producing service, does it?

Mr. STRONG. No.

Mr. BASS. We do not give one organization the power to infringe upon the franchise of another power-producing unit?

Mr. STRONG. That is correct.

Mr. POAGE. Are there any further questions?

Mr. McINTIRE. I would like to ask Mr. Strong to give me a little clearer interpretation of the term "heavying up."

Mr. STRONG. Putting in larger wires.

Mr. McINTIRE. Transformers, and so forth?

Mr. STRONG. Yes.

Mr. McINTIRE. Would it also include the increasing of the generating capacity? Is that within the term that you are using?

Mr. STRONG. It could be included within that term. "Heavying-up" normally refers to the carrying capacity of the system, not the generating capacity, but it could be construed to include the advancement in generation.

Mr. McINTIRE. In your judgment, there is still a very substantial job to be done by the REA, and the thought you expressed is that the survey of the number of nonelectrified farms is increasing as to the total needs of the electrified service?

Mr. STRONG. Exactly.

Mr. McINTIRE. Is it your thought that the future needs within the REA system is a substantial one in meeting the increased demands for power at the farms?

Mr. STRONG. Yes.

Mr. McINTIRE. And the necessary improvements of the system that would be needed to meet the demand?

Mr. STRONG. Yes.

Mr. McINTIRE. And in this legislation, is it the intent or the thought that, by eliminating the formula whereby funds are allocated

to States primarily on the basis of the job yet to be done to meet the needs of the unelectrified farms, that the elimination of that formula will permit the allocation of such funds as are available more substantially in the field of heavying-up for the present system?

Mr. STRONG. Well, that would be true to some degree. We feel, as I have stated, that, in large part, because of the unavoidable inaccuracies, that the survey itself does not accomplish the job; we feel that the formula, the application of the formula, is a cumbersome and unnecessary way of arriving at the distribution of funds among the several States.

Our policy in the REA is to make loans on the basis of the actual needs, not on the basis of some theoretical formula of need.

Mr. McINTIRE. But is your interpretation of the word "actual need" changing as time goes on, from the need of getting the line out to the farm people as was in the original concept, to the need of heavying-up the present system?

Mr. STRONG. The need itself is changing, yes. It is very apparent that the figures for the past several years show strikingly the increased need for system improvement, for heavying-up the line and for additional generation. In the early days of the program, the overwhelming need was for getting the lines out there initially.

Mr. McINTIRE. There was one question which was in my mind relative to this survey. Is this survey made on the basis of the number of farms electrified and is that subtracted from the census figure showing the total number of farms; or is the survey made on the number that are not electrified?

Mr. STRONG. I will ask Mr. Partridge to answer that.

Mr. PARTRIDGE. The survey is made as to the number of farms served, the electrified farms which we then deduct from the total number of farms reported by the last census, and come up with the nonelectrified farms.

Last year, last June 30, in our survey, for the first time, we asked every power supplier, each of the utilities and cooperatives and municipalities, to indicate the number of unelectrified farms in their service areas. In many cases we got pretty good data because they had surveyed their areas and knew just about what was happening, but in other cases they said they frankly did not know how many there were in the service area. At least, they gave us the minimum figure of the number of unelectrified farms as a check point in checking the date that we had arrived at by deducting the electrified farms from the total number of farms reported by the census.

Mr. McINTIRE. If this legislation is approved then the objective of completing the lines to serve those who are not now electrified will not be reduced; in other words, that objective still would remain, would it not?

Mr. STRONG. Yes.

Mr. McINTIRE. But it will permit a greater flexibility of the use of funds toward those areas where the need is built up, and where it is necessary to build up the carrying capacity of the line?

Mr. STRONG. That is correct. It is the continuing policy of the REA to urge upon its electrification borrowers the need for being constantly on their toes to extend their lines out to the limit of the economic feasibility in order to serve persons remaining unserved and to bring them within reach of electric service.

Mr. McINTIRE. With approximately 90 percent plus, of the farms electrified, then we are coming into that problem of economic feasibility within the REA system just the same as there is a problem of economic feasibility in the so-called private utility business, are we not?

Mr. STRONG. Yes.

Mr. McINTIRE. There are some areas that will always remain beyond the reach of even the most reasonable concept of economic feasibility, I assume?

Mr. STRONG. If we could find some way of transmitting electric power without poles and wires, there is no question but that everybody could be served. But it is the cost, in some cases, of running another line of poles and wires in order to serve one of these farm families, which makes the service to that particular connection prohibitive in cost. In some instances, examinations have been made by both the borrower and by the REA—the engineers and cost people—to determine just where the line of feasibility begins and where it ends. Connections asked for by people in remote areas have had to be turned down because to serve them would have jeopardized the feasibility of the entire system.

Mr. JOHNSON. Does that not explain why the percentage is so low in Nevada?

Mr. STRONG. Yes.

Mr. JOHNSON. Getting the service out to the ranches, I suppose?

Mr. STRONG. Yes, that has a great deal to do with it.

Mr. POAGE. Those distances explain why Nevada has the highest per capita income and yet has the lowest percentage of electrification in the Union.

Mr. STRONG. Yes.

Mr. HILL. Nevada gets her income from the towns, not from sheep-raising.

Mr. McINTIRE. Mr. Chairman, there is just one other question that I would like to get cleared up in my own mind, and that is with reference to the survey, and in which you have stated that as far as your administrative agency is concerned, Mr. Strong, the cost is about \$3,000 for this survey. Is this survey entirely an administrative survey? In other words, the cost of it is not shared by Mr. Ellis' organization; it is entirely one performed by the Rural Electrification Administration and not by the Association of Rural Electrification Cooperatives?

Mr. STRONG. That is correct, to the extent that the REA part of the cost is concerned. Our part of the cost is \$3,000—I do not believe that the NRECA takes any part in this survey.

Mr. ELLIS. That is true as to an organization, but of course the local systems—

Mr. McINTIRE. I appreciate that, but the administrative responsibilities are largely a part of the service of the REA and not of the cooperative organization that you represent?

Mr. ELLIS. That is correct.

Mr. JOHNSON. As a result of Mr. Hope's question, it would seem to me that in order to get the best picture across to the people, it would be better for all of the reports to come out in one report, and at the same time show the amount of money that was necessary to

build up these lines to meet present needs, so that you would have a true picture in one report. Do you agree with that?

Mr. STRONG. We would not quarrel with that, because that is our intention anyway, Mr. Johnson, except that it might be drawing a pretty fine point in the law; I mean, getting pretty much into administrative matters—

Mr. JOHNSON. Yes.

Mr. STRONG. Rather than an overall broad objective matter; but that is a matter that would be up to the committee and the Congress, of course.

Mr. POAGE. Any further questions by members of the committee?

Mr. HOPE. Following up what Mr. Johnson said, would you have any objection to an amendment to H. R. 5376, to a provision beginning in line 7, on page 1 of the bill that restates the existing language with respect to the survey? Would you have any objection to amending that so as to provide that you make the report of the survey and include also the results of the survey made under the authority contained in section 2, putting that in appropriate language; I am not suggesting the exact language.

Mr. STRONG. The only objection to that that I can see, Mr. Hope, is the rigidity of the requirements. For example, what I am getting at is this: There is no requirement in the law for the survey of the needs of the systems. The survey which we conducted in this past calendar year, and intend to conduct in the future, we had authority for under the existing provisions of the law in section 2 of the act. The question of whether such a specific requirement would or would not be too rigid is a matter for the committee's determination, and I hesitate to express any opinion other than that which I have just stated in connection with it.

Mr. POAGE. Any further questions?

Mr. McINTIRE. I would just like to get cleared up in my own mind, Mr. Strong, this thought: I am under the impression that under the previous question relative to the term "heavying-up," that this is used primarily in relation to transmission lines, not to generating lines?

Mr. STRONG. That is correct, transmission and some distribution lines.

Mr. POAGE. Any further questions?

Mr. JOHNSON. There is one further question I want to ask. I think the question was asked you, Mr. Ellis, how many of the cooperatives were producing power, and I think you said about 45.

Mr. ELLIS. Approximately.

Mr. JOHNSON. Take this situation as a good example, that is in Wisconsin, for the generation of power, where they produce power for four States. How many different REA's, approximately how many, are there?

Mr. ELLIS. Twenty-two, I believe.

Mr. JOHNSON. So that really that 1 cooperative produces for some 22 other cooperatives?

Mr. ELLIS. Mr. Chairman, there are 2 or 3 other points which I think the committee might be interested in.

Mr. POAGE. We would be glad to have them, Mr. Ellis.

Mr. ELLIS. The committee members will recall that the most recent amendment to the REA Act provided for loans for telephones,

which really sets up a new administration, so far as telephones are concerned. It has no formula in it. There is no formula, State allocation formula, in the telephone part of the law and we have not heard any complaint from any State about the fact that it was being discriminated against because of the lack of some such formula for administrative regulation as to equity among the States.

Another thing that occurs to me which may be of interest to the committee is the fact that—and is one which you well know if you think about it—is that the census figures on the number of unelectrified farms come out only every 5 years and come a year-plus later, at least a year-plus later, so that the census figures are never good at any one time; they are never accurate when needed; they are never current.

Furthermore, we think—and this is a matter that would take some development, but I do not think that the census figures are as reliable as the REA figures can be, based upon both the census figures and the REA's peculiar knowledge of the rural areas, knowledge which it obtains from these many sources, including the census and the rural electric systems and the commercial companies.

Still another thing that occurs to me which might be of interest to the committee, is that with the formula in the law, the amount of loan funds approved by the House of Representatives this year for next year is adequate, we think, according to our survey, and our survey has hit the requirements right on the head for several years, because it is the request of the systems themselves. The amount is substantially adequate if the formula is eliminated, we think, but it is not adequate if the formula stays in the law.

Mr. POAGE. In other words, if we can pass this bill, we will be able to reduce, not the expense of improving the system, but we will be able to reduce the appropriation for this program?

Mr. ELLIS. That is one way of looking at it. But another way to look at it, from our standpoint, is that you will make the electric loan authorizations already approved by the House adequate, whereas they will not be adequate if the formula stays in.

Mr. POAGE. Yes.

Mr. ELLIS. I would like to suggest that the committee might like to have placed in the record, and I would like the opportunity to furnish for the record, and I shall have to send the copy up, because the one I have with me is all marked up—it may be that Mr. Partridge has a copy with him—REA's most recent published statement as to the nonelectrified farms each year, which contains a great deal of information broken down as among the States and in different categories for the committee's use.

I think that, while Mr. Strong is correct that the public may get the wrong impression about the 95 percent, for instance, being the figures of farms electrified in the country, that with the rest of it, it would overcome any erroneous impression, if and when you, we, or the general public want to use the figures. They provide a great deal of information here which just could not come from any other source.

Mr. POAGE. I think it would be very helpful to us and without objection, they will be included in the record.

(The data referred to follows:)

Number and percentage of farms electrified with central station service, by States, 1935, 1940, 1950, and 1954

Area	Farms, Jan. 1, 1935		Farms receiving cen- tral station electric service Dec. 31, 1934		Farms, Apr. 1, 1940		Farms receiving cen- tral station electric service Apr. 1, 1940		Farms, Apr. 1, 1950		Farms receiving cen- tral station electric service Apr. 1, 1950		Farms receiving cen- tral station electric service June 30, 1954		Increase in electrified farms from Dec. 31, 1934, to June 30, 1954
	Number ¹	Percent	Number ²	Percent	Number ¹	Percent	Number ¹	Percent	Number ¹	Percent	Number ¹	Percent	Number ³	Percent	Number
United States-----	6, 812, 350	10.9	743, 954	10.9	6, 096, 799	30.4	1, 833, 249	30.4	5, 382, 134	77.2	4, 154, 359	77.2	4, 965, 962	92.3	4, 222, 008
Alabama-----	273, 455	4.0	11, 053	4.0	231, 746	14.6	33, 907	14.6	211, 512	68.2	144, 267	68.2	185, 527	87.7	174, 474
Arizona-----	18, 824	29.6	5, 577	29.6	18, 468	30.4	5, 607	30.4	10, 412	72.4	7, 535	72.4	9, 652	92.7	4, 075
Arkansas-----	253, 013	1.2	2, 943	1.2	216, 674	9.8	21, 303	9.8	182, 429	66.6	121, 587	66.6	154, 485	84.7	151, 542
California-----	150, 360	53.9	81, 093	53.9	132, 658	81.3	107, 904	81.3	123, 111	90.0	123, 311	90.0	129, 908	94.7	48, 815
Colorado-----	63, 644	11.2	7, 145	11.2	51, 436	28.8	14, 823	28.8	45, 578	72.0	32, 827	72.0	42, 751	93.8	33, 666
Connecticut-----	32, 157	31.5	10, 138	31.5	21, 163	80.3	16, 995	80.3	15, 615	92.2	14, 393	92.2	15, 599	99.9	5, 461
Delaware-----	10, 381	17.3	8, 994	17.3	8, 994	39.4	3, 545	39.4	7, 448	81.8	6, 092	81.8	6, 974	93.6	5, 183
Florida-----	72, 857	7.8	5, 700	7.8	62, 248	24.9	15, 476	24.9	56, 921	70.8	40, 292	70.8	48, 555	85.3	42, 855
Georgia-----	250, 544	2.8	6, 956	2.8	216, 033	19.6	42, 409	19.6	149, 191	75.2	149, 105	75.2	183, 746	92.7	176, 790
Idaho-----	45, 113	29.8	13, 433	29.8	43, 663	58.3	25, 439	58.3	40, 284	91.6	36, 901	91.6	39, 356	97.7	25, 923
Illinois-----	231, 312	12.3	28, 379	12.3	213, 439	37.5	80, 027	37.5	195, 268	86.4	168, 658	86.4	187, 305	93.9	158, 926
Indiana-----	200, 835	11.7	23, 476	11.7	184, 549	49.4	91, 127	49.4	166, 627	91.5	152, 528	91.5	161, 665	97.0	138, 189
Iowa-----	221, 986	14.4	32, 047	14.4	213, 318	34.4	73, 308	34.4	203, 159	90.3	183, 508	90.3	197, 333	97.1	165, 286
Kansas-----	174, 589	7.6	13, 224	7.6	156, 327	17.9	27, 960	17.9	131, 394	69.8	91, 747	69.8	123, 299	93.8	110, 075
Kentucky-----	278, 298	3.0	8, 480	3.0	252, 894	15.3	38, 607	15.3	218, 476	66.3	144, 796	66.3	199, 625	91.4	191, 145
Louisiana-----	170, 216	1.7	2, 826	1.7	150, 007	10.7	16, 058	10.7	124, 181	66.8	82, 832	66.8	114, 917	92.5	112, 091
Maine-----	41, 907	33.3	3, 959	33.3	38, 980	51.9	20, 221	51.9	30, 358	85.6	25, 990	85.6	26, 651	87.8	12, 692
Maryland-----	44, 501	15.3	6, 791	15.3	42, 175	40.7	17, 170	40.7	36, 107	83.5	30, 164	83.5	34, 403	95.3	27, 612
Massachusetts-----	35, 094	41.3	14, 494	41.3	31, 897	82.2	26, 220	82.2	22, 220	91.2	20, 256	91.2	20, 483	92.2	5, 989
Michigan-----	196, 517	21.4	42, 152	21.4	187, 589	69.9	131, 126	69.9	155, 589	94.2	146, 549	94.2	152, 228	97.8	110, 076
Minnesota-----	203, 302	6.8	13, 783	6.8	197, 351	25.4	50, 075	25.4	179, 101	82.8	148, 328	82.8	172, 459	96.3	158, 676
Mississippi-----	311, 683	0.9	2, 802	0.9	291, 092	9.0	26, 078	9.0	251, 383	53.8	140, 212	53.8	187, 613	74.6	184, 811
Missouri-----	278, 454	6.4	17, 893	6.4	256, 100	15.3	39, 204	15.3	230, 045	68.7	157, 930	68.7	212, 087	92.2	194, 194
Montana-----	50, 564	5.5	2, 768	5.5	41, 823	19.0	7, 947	19.0	35, 085	65.3	22, 915	65.3	30, 795	87.8	28, 027
Nebraska-----	133, 616	7.1	9, 544	7.1	121, 062	18.9	22, 832	18.9	107, 183	72.2	77, 354	72.2	103, 298	96.4	93, 754
Nevada-----	3, 696	25.6	946	25.6	3, 573	43.5	1, 555	43.5	3, 110	58.2	1, 811	58.2	2, 126	68.4	1, 180
New Hampshire-----	17, 695	53.7	9, 495	53.7	16, 554	65.5	10, 845	65.5	13, 391	94.7	12, 675	94.7	13, 144	98.2	3, 649
New Jersey-----	29, 375	51.6	15, 162	51.6	25, 835	82.4	21, 298	82.4	24, 838	93.3	23, 174	93.3	24, 106	97.1	8, 944
New Mexico-----	41, 369	3.3	1, 350	3.3	34, 105	13.1	4, 479	13.1	23, 599	55.1	12, 997	55.1	17, 588	74.5	16, 238
New York-----	177, 025	32.7	57, 825	32.7	153, 238	66.7	102, 283	66.7	124, 977	93.5	116, 888	93.5	118, 073	94.5	60, 248
North Carolina-----	300, 967	3.2	6, 672	3.2	278, 276	24.3	67, 627	24.3	288, 508	75.9	218, 897	75.9	270, 013	96.9	270, 013
North Dakota-----	84, 606	2.3	1, 968	2.3	73, 962	4.4	3, 218	4.4	65, 401	54.5	35, 646	54.5	56, 743	86.8	54, 775
Ohio-----	255, 146	18.8	48, 048	18.8	233, 783	58.9	137, 680	58.9	199, 359	92.9	185, 297	92.9	195, 548	98.1	147, 500
Oklahoma-----	213, 325	2.6	5, 648	2.6	179, 687	11.2	20, 149	11.2	142, 246	64.7	91, 990	64.7	119, 148	83.8	113, 500
Oregon-----	64, 826	27.5	17, 839	27.5	61, 829	58.8	36, 369	58.8	59, 827	89.3	53, 425	89.3	58, 863	98.4	41, 024

See footnotes at end of table, p. 32.

Number and percentage of farms electrified with central station service, by States, 1935, 1940, 1950, and 1954—Continued

Area	Farms, Jan. 1, 1935	Farms receiving cen- tral station electric service Dec. 31, 1934		Farms, Apr. 1, 1940	Farms receiving cen- tral station electric service Apr. 1, 1940		Farms, Apr. 1, 1950	Farms receiving cen- tral station electric service Apr. 1, 1950		Farms receiving cen- tral station electric service June 30, 1954		Increase in electrified farms from Dec. 31, 1934, to June 30, 1954
		Number ²	Percent		Number ¹	Percent		Number ¹	Percent	Number ³	Percent	
Pennsylvania.....	191,284	45,182	23.6	169,027	94,081	55.7	146,887	133,467	90.9	138,143	94.0	92,961
Rhode Island.....	4,327	1,975	45.6	3,014	2,457	81.5	2,598	2,411	92.8	2,441	94.0	92,466
South Carolina.....	165,304	3,796	2.3	137,558	27,568	20.0	139,364	94,842	68.1	122,911	88.2	119,115
South Dakota.....	83,303	2,939	3.5	72,454	3,981	5.5	66,452	37,487	56.4	61,582	92.7	58,643
Tennessee.....	273,783	9,727	3.6	247,617	38,884	15.7	231,631	165,005	71.2	220,883	95.4	211,156
Texas.....	501,017	11,466	2.3	418,002	79,127	18.9	331,567	258,899	78.1	292,124	88.1	280,658
Utah.....	30,695	16,130	52.5	25,411	17,411	68.5	24,176	21,427	88.6	23,725	98.1	7,595
Vermont.....	27,061	7,948	29.4	23,582	12,213	51.8	19,043	17,463	91.7	18,186	59.5	10,241
Virginia.....	197,632	14,954	7.6	174,885	42,144	24.1	150,997	113,949	75.5	146,467	97.0	131,513
Washington.....	84,381	40,060	47.5	81,686	58,283	71.4	69,820	64,161	91.9	69,168	99.1	29,108
West Virginia.....	104,747	3,647	3.5	99,282	25,199	25.4	81,434	58,789	72.2	71,493	87.8	67,846
Wisconsin.....	199,877	39,206	19.6	186,735	87,556	46.9	168,561	155,545	92.3	161,725	95.9	122,519
Wyoming.....	17,487	527	3.0	15,018	3,474	23.1	12,614	7,937	62.9	11,376	90.2	10,849

¹ U. S. Census of Agriculture, 1935, 1940 and 1950.² Edison Electric Institute.³ REA estimate.

Mr. ELLIS. Now, there is just one more point, by way of emphasis, Mr. Chairman, and again if you do not have this, if the people are not going to have the 95-percent figure, together with the supporting information that was referred to, I fear that what they are going to refer to is this general statement of the power companies which they have been emphasizing very strongly since 1952, that the rural electrification program is completed, or virtually so. It is a matter of an alternative.

Mr. BASS. You do not read all of their propaganda, do you?

Mr. ELLIS. No.

Mr. POAGE. Are there any further questions? Did you have a question, Mr. Johnson?

Mr. JOHNSON. No; I have had my question answered. That was with reference to the difference between my bill and the one that you introduced.

Mr. POAGE. If there are no further questions, we are very much obliged to each of you gentlemen for your statements.

We will now hear from our colleague, Congressman Lester Johnson, a distinguished member of this committee.

STATEMENT OF HON. LESTER R. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM WISCONSIN

Mr. JOHNSON. Mr. Chairman, I do not believe it is necessary for me to review or extoll to the members of this committee the magnificent accomplishments of the rural electrification program carried out by the REA cooperatives for the past 20 years. I know that some members of this committee are among the best versed Members of Congress on the record of the REA.

In appearing before the committee at this time in support of my bill, H. R. 4572, to change the formula for REA loans, I wish to emphasize that the needs and conditions of REA have changed since the program was started in 1935. Twenty years ago only 10 percent of the Nation's farms were electrified. The need then—and for a number of years up to the present—was for loan authorizations to develop rural electrification along horizontal lines. In other words, the objective of the program was to provide loan funds for extending service to the Nation's unelectrified farms. This goal has been virtually accomplished as is testified to by the fact that approximately 93 percent of the Nation's farms are now electrified.

In the early history of REA and up to the present time the loan formula of the program served a worthwhile purpose in guaranteeing equity in loans to all areas of the country. Conditions have changed since 1935 and the present formula is outmoded with reference to the needs of REA cooperatives. There is considerable evidence now to indicate that the formula must be revised to allow REA cooperatives to develop services along vertical lines.

Mr. John Madgett, general manager of the Dairyland Power Cooperative, has summarized this well in the January 1, 1955, issue of the organization's publication. Before I quote in part from Mr. Madgett's article, I wish to say that the Dairyland Power Cooperative—which serves all 10 of the county REA cooperatives in my district—is the largest farmer-owned electric power cooperative in the world. In addition to the REA co-ops in my district, Dairyland Power

Cooperative also serves cooperatives in other sections of Wisconsin, Minnesota, Iowa, and Illinois.

Here is what Mr. Madgett has to say about rural electrification development:

After 19 years of progress, however, experience has taught that all rural areas in the Nation are not expanding at an equal rate as far as their electrification programs are concerned. The Dairyland area, for example, has seen a demand for power which continually astounds even the most optimistic believers in cooperative rural electrification. Because of this, the States in which we serve have arrived at a point where a larger share of REA funds is needed in order to construct heavier and more costly generation, transmission and distribution facilities to meet the constantly rising loads. Many areas in the Nation, of which we are one, have virtually reached a saturation point insofar as geographic or new membership expansion is concerned and the chief aim now is to meet the increased demands for power.

Mr. Madgett continues in his column with this significant observation:

Difficult as it is for the uninformed to believe, it is still true that this vertical growth, or growth to meet greater power requirements of the cooperative membership, entails the expenditure of greater sums than those needed to merely expand into an area to cover new users of energy. Dairyland, for example, found it necessary to request funds in the amount of \$8½ million to construct a new 50,000-kilowatt reheat unit at the Alma station—almost an impossibility under the present formula. Such a sum of money was never dreamed of in the early days when it was thought that the generating station such as ours at Genoa and Chippewa Falls would take care of requirements for years to come. Even larger units and installations will be required in the future.

From the 1953 Annual Report of the Dairyland Power Cooperative—and this is the latest report that I have—the story of increased power demands of patrons is dramatically told in figures of average kilowatt-hours used per month by individual members. Here are the statistics on the average use per month per member in kilowatt-hours.

<i>Kilowatt-hours</i>		<i>Kilowatt-hours</i>	
1944-----	130	1949-----	240
1945-----	139	1950-----	257
1946-----	160	1951-----	294
1947-----	188	1952-----	328
1948-----	220	1953-----	367

You will note from these figures that in the 10-year period from 1944 through 1953 the average member of Dairyland Power Cooperative served cooperatives has almost trebled. These figures bring into bold relief the problem of vertical demands confronting the REA cooperatives of our country.

My bill, H. R. 4572, changes the formula to meet in a realistic manner the problems facing REA cooperatives today. In addition, my bill—and I believe it was the only one with this provision at the time it was introduced—calls for the retention of the annual survey.

According to information that I have from REA cooperative leaders, they are opposed to the elimination of the provision for an annual survey. They point out that census figures are too old to use for practical application in their program work. As for the statistics compiled by private organizations, these should be used only for comparative purposes and not as authentic source material.

In closing, I wish to include for the committee's consideration, and the official record, letters from Mr. John Madgett, W. V. Thomas, general manager, Wisconsin Electric Cooperative, and others citing

their support of H. R. 4572. The letters, as you will discover, outline the case for changing the loan formula and the reasons for retention of the annual survey. Since these leaders are acknowledged experts in the field of rural electrification, their testimony should be given far more weight than mine as a layman. It is for that reason that I am asking the committee to study these letters.

Mr. Chairman, I would like to ask unanimous consent to include in the record a statement from the Dairyland Power Cooperative of La Crosse, Wis.; a statement of the Wisconsin Electric Cooperative of Madison, Wis.; a statement of the Eau Claire Electric Cooperative of Eau Claire, Wis., and a letter from the Chippewa Valley Electric Cooperative of Cornell, Wis.

Mr. POAGE. Without objection, they will be received and made a part of the record.

(The statements referred to follow:)

DAIRYLAND POWER COOPERATIVE,
La Crosse, Wis., April 12, 1955.

Subject: H. R. 4572, amending REA loan formula.

Hon. LESTER R. JOHNSON,
House Office Building, Washington, D. C.

DEAR CONGRESSMAN JOHNSON: I have had an opportunity to review H. R. 4572 and to compare the changes which would result from the present legal requirements. I heartily endorse this bill and trust that you will make every effort to secure its passage.

The Dairyland Power Cooperative and the whole cooperative rural electrification movement in the United States has a great deal at stake on this issue. My general views on the subject are expressed in the January issue of Dairyland's house organ entitled, Dairyland Current Matters. My views appear on pages 2 and 12. Kindly feel free to use this article if you care to. I am enclosing three copies of the issue and, hence, do not need to recapitulate here the importance of the loan formula change to Dairyland.

Your bill accomplishes three basic objectives which are highly desirable:

(1) It modifies the present unwieldy and, all too often, impossible loan formula.
(2) It makes provisions on a practical basis for meeting the growing requirements for larger loans for cooperative generation and transmission.

(3) It requires that the Administrator continue the annual survey to determine the number of farms not having central station service.

From 1938 to the present time the size of Dairyland's generating units have increased from 700 to 50,000 kilowatts. The cost per unit has increased from \$100,000 to \$8,400,000. Even larger units and, therefore, larger initial loans will be necessary to meet our future needs. Hence, the longer we go the more difficult and impossible it becomes to make adequate construction loans for generation and transmission to meet our ever-expanding needs. In fact, I seriously doubt whether Dairyland's next loan request can be met under the present formula.

One thing we should not lose sight of is the overall progress of cooperative rural electrification throughout the Nation. Hence, I urgently suggest that the annual survey on unelectrified farms be definitely retained and that other studies not inconsistent therewith be continued so that the Nation as a whole can at all times be fully informed regarding progress.

It is my sincere conviction that the change in legislation will be beneficial not only to Dairyland Power Cooperative but to rural electric cooperatives throughout the Nation, allowing them a normal growth without being limited in so many instances under the outmoded State-allotment formula. The extent of Dairyland's future progress and its ability to meet its system requirements would definitely be affected by the outcome of action on your bill.

Yours very truly,

DAIRYLAND POWER COOPERATIVE,
JOHN P. MADGETT,
General Manager.

WISCONSIN ELECTRIC COOPERATIVE,
Madison, Wis., April 13, 1955.

HON. LESTER JOHNSON, M. C.,
Congress of the United States,
House Office Building, Washington, D. C.

DEAR CONGRESSMAN JOHNSON: On behalf of the rural electric cooperatives of Wisconsin, our public relations committee has instructed me to thank you for introducing H. R. 4572. This measure, if it becomes law, promises to remove the constant cloud of uncertainty regarding loan appropriations for REA-financed cooperatives.

We are happy to see that REA Administrator Ancher Nelsen, also spokesmen for the Farm Bureau, Farmers Union, and our own National Rural Electric Cooperative Association have recommended elimination of the formula. This formula language has always been a continuing threat to the welfare of Dairyland Power Cooperative because the need of Dairyland for generating funds is greater each year due to the increasing use of electricity in our rural area. As a matter of fact, in the case of the last loan made to Dairyland it has been a nip-and-tuck proposition under the present formula language to get the amount of funds necessary to purchase the required generating capacity.

We particularly want to thank you for inclusion in your bill the retention of the annual survey of unelectrified farms. This survey is the best way we know of assuring the Congress and the public of the accurate status of rural electrification in the United States. It is the type of information which provides us all with an intelligent tool to appraise the need for loan funds. This survey has been carried on over the years at nominal cost, and has proven itself over and over again whenever a question arose concerning progress of the program. We feel that to remove the survey at this time would fail to realize any substantial saving, yet would whittle away at the amount of factual information required for intelligent appraisal of the progress of this program.

Wisconsin's rural electric cooperatives again thank you for introducing this measure, and urge that you do everything possible to steer it into law.

Cordially and respectfully,

WISCONSIN ELECTRIC COOPERATIVE,
W. V. THOMAS, *General Manager*.

EAU CLAIRE ELECTRIC COOPERATIVE,
Eau Claire, Wis., April 7, 1955.

HON. LESTER JOHNSON,
House of Representatives,
Washington, D. C.

DEAR SIR: I was pleased to receive a copy of your bill, H. R. 4572, which changes the formula governing allocation of rural electrification loans. Although most of the farms in Wisconsin are receiving central-station energy the REA-financed cooperatives are required to add capacity to their systems to serve additional electrical loads connected by these farmers.

Increasing the capacity of our distribution systems does not alone solve the problem as it is also necessary that we have adequate transmission and generation facilities. It is as important to our member-owners to have our power delivered into our distribution cooperative area as delivering the energy from the substation to the farmer. For that reason it is necessary that the Rural Electrification Administrator be permitted to loan funds to Dairyland Power Cooperative, our supplier, and the distribution cooperatives to improve facilities when and where needed.

Unless Dairyland Power Cooperative is permitted through the use of loan funds to improve its generation and transmission facilities several years in advance of the load requirements the farmers served by their electric cooperatives would seriously suffer.

We sincerely believe that your bill, H. R. 4572, will accomplish the necessary changes in the Rural Electrification Act to the benefit of both city and rural people.

Sincerely yours,

V. M. DUFECK, *Manager*.

CHIPPEWA VALLEY ELECTRIC COOPERATIVE,

Cornell, Wis., April 7, 1955.

Mr. LESTER JOHNSON,
Congress of the United States,
Washington, D. C.

DEAR LESTER: In reply to yours of the 31st of March. I have no comment to make on your bill H. R. 4572; it seems to me these changes are for the benefit of the majority, and that was the basic idea of the REA program.

I also wish to take this opportunity to congratulate you on the fine showing you are giving our district.

Yours very truly,

R. L. CLEAVES, *Manager.*

Mr. POAGE. If there is nothing further, the committee will go into executive session.

(The following statement was submitted to the subcommittee:)

STATEMENT OF HON. LEE METCALF, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MONTANA

Mr. Chairman, I appreciate the opportunity to appear before this subcommittee on behalf of the several bills, among them mine, to modernize the Rural Electrification Act.

My bill would abolish the restrictive State-allotment formula for loan funds and would require the Rural Electrification Administration to continue the annual survey, which Administrator Nelson proposes to eliminate.

Conditions have changed since the program began in 1935. At that time, when only 10 percent of this Nation's farms were electrified, the need was for loan authorizations to extend service to as many farms as possible. The loan formula was necessary and proper as long as this was so, for it guaranteed all parts of this country a share in the program.

Today, however, 93 percent of our farms have electricity. And the number of unelectrified farms in a State no longer presents a true picture of the need for loan funds in that State. Today's need, which several previous witnesses have documented so well, is for money for costly system improvements necessary to meet the constantly increasing demand for power.

I am told that the largest single need for loan funds is for generation and transmission systems. Cooperatives in this field have an average investment of \$10 million. When the need for additional facilities occurs, there may not be enough money available under the State-allotment formula to make such loans and at the same time meet other needs within a particular State.

As yet, we do not have the generating and transmission problem in Montana. But the Administration apparently is pushing "partnership" development of at least one proposed multipurpose project, Yellowtail Dam, in my State. Generation and transmission system loan funds would be needed if anyone besides the Montana Power Co. is going to be a "partner" in Yellowtail Dam. Without loan funds for generation and transmission systems, no public body in Montana could join in this partnership development—leaving partnership solely for Montana Power Co.

Experience has shown that loan-fund needs often are cyclical. In 1 year, the need in a given State may be low. In another year it may be high. The present rigid formula does not permit adjustments to meet this cyclical need.

The formula also requires allocation of funds to at least three States in which no loans have ever been made and probably never will be.

Further, if the formula is not abolished, rural electricies will continue to be placed in the unfortunate position of having to ask millions of dollars more than they actually need—just to get around the formula. This year for example, the original request was for \$419 million—when if it had not been for the restrictive formula \$169 million would have been enough to do the job. This makes the whole program look bad. And it makes the program vulnerable.

The annual survey is the only available reliable source of statistical information on rural electrification. To do away with it would mean reliance on inadequate private sources for the current factual data which is the only basis for a sound program.

I am disturbed to note that the Administration is gradually reducing its program of current statistics on agriculture, the only segment of our economy where in-

comes are falling. Agricultural statistics already are behind the times. Facilities for presenting current statistics on farm economics should be expanded instead of being cut.

I have seen no recommendation that the Government's business statistics program be cut. I see no reason for singling out the farmer for such a reduction.

(Whereupon, the committee proceeded to the consideration of business in executive session.)

×

ALLOCATION OF REA FUNDS

HEARING
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON
AGRICULTURE AND FORESTRY
UNITED STATES SENATE
EIGHTY-FOURTH CONGRESS
FIRST SESSION
ON
S. 153

A BILL TO AMEND THE RURAL ELECTRIFICATION
ACT OF 1936

MARCH 23, 1955

Printed for the use of the Committee on Agriculture and Forestry



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1955

COMMITTEE ON AGRICULTURE AND FORESTRY

ALLEN J. ELLENDER, Louisiana, *Chairman*

OLIN D. JOHNSTON, South Carolina

SPESSARD L. HOLLAND, Florida

CLINTON P. ANDERSON, New Mexico

JAMES O. EASTLAND, Mississippi

EARLE C. CLEMENTS, Kentucky

HUBERT H. HUMPHREY, Minnesota

W. KERR SCOTT, North Carolina

GEORGE D. AIKEN, Vermont

MILTON R. YOUNG, North Dakota

EDWARD J. THYE, Minnesota

BOURKE B. HICKENLOOPER, Iowa

KARL E. MUNDT, South Dakota

JOHN J. WILLIAMS, Delaware

ANDREW F. SCHOEPPPEL, Kansas

COTYS M. MOUSER, *Chief Clerk*

SUBCOMMITTEE ON ALLOCATION OF REA FUNDS

HUBERT H. HUMPHREY, Minnesota, *Chairman*

W. KERR SCOTT, North Carolina

KARL E. MUNDT, South Dakota

CONTENTS

Statement of—	Page
Ellis, Clyde T., general manager, National Rural Electric Cooperative Association.....	32
Lynn, John C., legislative director, American Farm Bureau Federation.....	41
Nelsen, Ancher, Administrator, Rural Electrification Administration, United States Department of Agriculture.....	4
Partridge, Robert D., program analyst, Rural Electrification Administration, United States Department of Agriculture.....	4
Strong, Fred H., Deputy Administrator, Rural Electrification Administration, United States Department of Agriculture.....	4
Miscellaneous documents:	
S. 153, 84th Congress.....	1
Report on S. 153 from the Department of Agriculture, dated February 3, 1955.....	1
Letter from Clyde T. Ellis, executive director, National Rural Electric Cooperative Association, dated March 2, 1955.....	2
Statement filed by James G. Patton, president, National Farmers Union.....	3
Tables 1 to 5, number and percentage of unelectrified farms, 1949-53, compared with amount and percentage of electrification loans.....	15-19
Tables 6 and 7, number and percentage of farms electrified with central station electric service, 1945 and 1950, P.E.A. estimates compared with census figures.....	20-21
Table 8, number and percentage of farms electrified with central station service, specified years.....	22
Table 9, limitations on loans by States from all funds available, 1952-56.....	24
Resolutions passed at National Rural Electric Cooperative Association regional meetings in 1952, and national meetings in 1953 and 1955..	33
Statement filed by Clyde T. Ellis, general manager, National Rural Electric Cooperative Association.....	39
Statement filed by John C. Lynn, legislative director, American Farm Bureau Federation.....	41
Statement filed by Wallace J. Campbell, director, Washington office, Cooperative League of the U. S. A.....	42
Statement filed by the National Grange.....	42

ALLOCATION OF REA FUNDS

THURSDAY, MARCH 23, 1955

UNITED STATES SENATE,
SUBCOMMITTEE ON ALLOCATION OF REA FUNDS,
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to call, in room 324, Senate Office Building, Senator Hubert H. Humphrey presiding.

Present: Senators Humphrey and Scott.

Senator HUMPHREY. The hearing will come to order. We will proceed with the hearing. We will start out with consideration of S. 153, a bill introduced by Senator Thyne for himself, Senator Aiken, and Senator Young, to amend the REA Act of 1936.

We have a report from the Department of Agriculture relating to this bill, which is a letter addressed to Senator Ellender, dated February 3, 1955. We will ask that that be incorporated in the record, together with S. 153.

Also, there is a letter addressed to Senator Ellender of March 2, 1955, from Mr. Ellis of the National Rural Electric Cooperative Association. We will also have that incorporated at this point in the record.

We also have a statement by James G. Patton, president of the National Farmers Union, in support of S. 153. That will be incorporated in the record at this point.

(The documents referred to above are as follows:)

[S. 153, 84th Cong., 1st sess.]

A BILL To amend the Rural Electrification Act of 1936

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3 of the Rural Electrification Act of 1936, as amended (7 U. S. C. 903), is amended by striking out subsections (c), (d), and (e) and inserting in lieu thereof the following:

"(c) If any part of the annual sums made available for the purposes of this Act are not loaned or obligated during the fiscal year for which they are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years."

(b) Subsection (f) of section 3 of such Act is redesignated as subsection (d).

SEC. 2. Section 4 of the Rural Electrification Act of 1936, as amended (7 U. S. C. 904), is amended by striking out "the provisions of sections 3 (d) and 3 (e) but without regard to the 10 per centum limitation therein contained", and inserting in lieu thereof "section 3".

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., February 3, 1955.

HON. ALLEN J. ELLENDER,
Chairman, Senate Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of January 12, 1955, for a report on S. 153, a bill to amend the Rural Electrification Act of 1936. The bill eliminates provisions governing the allotment of electrification loan funds among the several States.

We favor enactment of the bill and urge its consideration at the earliest possible date. The 1956 budget recommends a \$35 million reserve authorization for rural electrification loans which would be available "only if the provisions in effect January 1, 1955, of the allotment formulas set forth in paragraphs (e) and (d) of section 3 of said (Rural Electrification) Act are not repealed by a law enacted by the first session, Eighty-fourth Congress." Enactment of S. 153 prior to consideration of and action upon the Department of Agriculture appropriation bill for fiscal 1956 would eliminate the need for inclusion of the \$35 million reserve loan authorization conditionally recommended in the budget.

Subsections (e), (d), and (c) of section 3 of the Rural Electrification Act as enacted and now in force prescribe a formula for the allotment of electrification loan funds. Fifty percent of the annual amount made available by the Congress must be allotted for loans in the several States in the proportion which the number of their unelectrified farms bears to the total number of unelectrified farms in the United States. Not more than 10 percent of the remaining 50 percent and of any carried-over funds may be loaned in one State or in all of the Territories.

In 1936 when the Rural Electrification Act was enacted, then available statistics showed about 1 out of 10 of our farms receiving central station electric service. There were large disparities between the individual States in respect to the percentage of farms electrified, ranging from 0.9 percent in Mississippi to 53.9 percent in California.

The allotment formula served the very useful purpose of assuring distribution of electrification loan funds where needed. It has now outlived its usefulness. As of June 30, 1954, it is estimated by REA that 92.3 percent of the Nation's farms are electrified. Farm electrification in 31 States exceeds the national average; in 43 States more than 85 percent of the farms are electrified.

The need for electrification loan funds can no longer be measured accurately on the basis of unelectrified farms. The only sound criteria are whether the loan is needed to accomplish the purposes of the act and whether it will meet statutory requirements. It is increasingly apparent that the greatest need for loans will arise where improvements must be made in systems built during the early days of rural electrification and where new or additional power sources must be provided to meet steadily growing demands for electricity on the farm.

Elimination of the allotment limitations will contribute to the more expeditious and effective conduct of the rural electrification program by (a) providing flexibility in its administration and making loan funds available for lending where and as needed rather than as prescribed by rigid limitations which are no longer valid for the purpose for which they were established and (b) reducing annual requirements for loan funds which because of the existing limitations have necessarily been in excess of total actual loan needs. It will also remove the necessity for annual surveys of unelectrified farms which are burdensome and now needless.

The Congress has to some extent already been apprised of the need for reexamining the validity of these statutory limitations. Suggestion that the formula be changed was made on the floor of the Senate as early as May 18, 1949, during discussion of the provision for additional contingent electrification loan funds in the 1950 Agriculture Appropriation Act. The 1952 budget recommended elimination of the formula and the 1954 budget proposed a modification to permit freer use of the additional contingent amounts to be provided for that year. Amendments to the 1954 Agriculture Appropriation Act carrying out the budget proposal were offered from the floor of both the House and the Senate. Points of order were sustained against both amendments on the basis of their being legislation in an appropriation bill.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION,
Washington, D. C., March 2, 1955.

HON. ALLEN J. ELLENDER,
Chairman, Senate Committee on Agriculture and Forestry,
Senate Office Building, Washington, D. C.

DEAR SENATOR ELLENDER: We appreciate your having Mr. Stanton call us concerning S. 153.

As you know, the rural electric cooperatives have been trying for years to rid the Rural Electrification Act of these limiting provisions pertaining to the allot-

ment formula of the Rural Electrification Act of 1936. Consequently, we are entirely in sympathy with the objective enunciated in S. 153.

However, S. 153, as it is drawn, would also eliminate a provision which we feel is quite important to the rural electric people. This is the clause in section 3 (c) which provides that:

"The Administrator shall, within 90 days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving such service."

We feel it is in the interest of the Congress, Rural Electrification Administration, and the rural electric systems that this survey continue. Our reasons are as follows:

(1) If the results of the survey are available each year to the Congress, it will undoubtedly be of value to you when evaluating the progress of the rural electrification program, and also the need for each State under the act.

(2) It could serve the same purpose to the Administrator in his evaluation of the progress of the rural electrification program.

(3) It will also be of great use to the rural electric systems in determining their progress toward 100 percent areawide coverage, and will also indicate to them just where additional work is needed.

For these reasons we feel that S. 153 would be greatly improved if the clause referred to above could be put back into S. 153. This could be accomplished by a short amendment to S. 153 by adding the provision immediately following the word "years" in line 11, page 1; or a new subsection could be added to S. 153 putting the above-quoted clause back into the bill.

In view of the interest of our people in the retention of the annual survey we feel it would be well for us to voice our objections on this one item. Consequently, if your committee does not want to accept the amendment we have proposed, we would be very grateful to you for the opportunity to appear before your committee and state our views on this matter.

Again we express our thanks to you and your committee for your continuing interest in the program, as evidenced by your desire to move quickly on this bill.

We certainly appreciate being able to express our views to you.

Best regards,

CLYDE T. ELLIS, *General Manager.*

STATEMENT FILED BY JAMES G. PATTON, PRESIDENT, NATIONAL FARMERS UNION

Mr. Chairman and members of the committee, we are presenting this statement in support of S. 153, sponsored by Senators Thye, Aiken, and Young. We believe that the formula which requires half of the total funds appropriated for rural electrification in any one year to be distributed in proportion to population and unelectrified farms has outlived its usefulness. The job of connecting American farms with central electric service stations is almost completed. About 93 percent of the Nation's farms now enjoy the benefits of electricity. Only farms in the most sparsely settled and remote areas are unable to get electricity.

We wish to pay tribute to the magnificent job which has been accomplished in the last 20 years. When the program started in 1935, only 10 percent of the Nation's farms were electrified. Over the bitter opposition of private power companies loan funds have been secured which enable millions of farmers to pool their efforts in the distribution of electric power. Although this fact is well known, we do not think it can be mentioned too often that the rural-electrification program is self-liquidating and that it actually brings funds into the United States Treasury. Contrary to a recent advertisement in the March 4, 1955, issue of Collier's magazine and March 1955 issue of American magazine, people living in urban areas are not subsidizing the rural electrification program. On the contrary, the rural electrification program has indirectly enabled people living in cities and towns to enjoy a higher standard of living. It has indirectly furnished customers for those selling electrical appliances and thereby has resulted in the employment of hundreds of thousands of workers in the electrical industries.

The primary need in the future is a vertical expansion of REA. There are shortages appearing in various areas in the United States. Farmers are running out of power; they need new generators, new transmission lines and other facilities because demand has grown so fast that existing facilities are unable to supply and to transmit energy needed on American farms. Installation of new generating and transmission facilities will necessitate loaning a disproportionate amount of money in areas suffering these shortages. Two notable examples are the

States of Colorado and Illinois, which are unable to obtain needed funds for generating and transmission purposes even though Congress has appropriated the money. The formula acts, at the present time, as a bottleneck which prevents vertical expansion. This is the principle reason we are urging it be eliminated by enactment of this legislation.

According to our information, the elimination of this formula under the provisions of this bill will eliminate also the certain statistical work which heretofore has been done by the Rural Electrification Administration. We urge therefore that the bill be amended to provide that the annual survey as to the number of electrified and unelectrified farms be carried on in the future as it has in the past. We do not feel that the census figures are sufficient. It is reported that takers of the census do not reach some remote areas. In any event census figures are from a year to a year and a half late. American farmers should not have to depend on figures of the Edison Electric Institute in regard to unelectrified farms. Since this group is opposed and has always been opposed to the rural electrification program, we feel that it would be a great mistake to take this annual survey out of the hands of the Department of Agriculture.

We urge therefore that the bill be amended in this respect.

Senator HUMPHREY. The first witness, I believe, is the Administrator, Mr. Aneher Nelsen.

You may proceed, Mr. Nelsen.

**STATEMENT OF ANCHER NELSEN, ADMINISTRATOR; FRED H. STRONG, DEPUTY ADMINISTRATOR; AND ROBERT D. PART-
RIDGE, PROGRAM ANALYST, RURAL ELECTRIFICATION AD-
MINISTRATION**

Mr. NELSEN. Mr. Chairman and gentlemen of the committee, my purpose in coming before you today is to discuss and endorse the proposed repeal of the so-called State allotment formula in the Rural Electrification Act. It is a change we believe will enable us to administer the program more efficiently and to be more responsive to the needs of the people served by the program.

As background to consideration of this proposed change, I would like to mention some aspects of the REA program and to take stock of where we are in rural electrification today.

UNIVERSAL RURAL ELECTRIC SERVICE—AREA COVERAGE

As of June 30, 1954, we estimated that 4,966,000 or 92.3 percent of our farms were receiving central station electric service. Since then new farm connections have been made at a rate estimated to be sufficient to bring the number of electrified farms today to just over 5 million, or 93 percent of the total.

The rate of farm connections is much slower than it has been in past years. This is to be expected at this stage. What is left consists largely of the farms whose operators do not wish or feel they cannot afford electric service even though it may be available to them right at their door; farms which are so remote from powerlines that service to them poses as yet unsolved problems of economic feasibility; and farms occupied by families which are not able to afford electric service. It is not possible to distribute the 416,000 farms estimated to be without electric service on June 30, 1954, among these groups with any assurance of accuracy. REA borrowers are being encouraged to bring service to those who want it.

The REA survey made on June 30, 1954, shows distribution of unelectrified farms by States. Ten Southern and Southwestern

States account for about 258,000 unelectrified farms or 62 percent of the total. Aside from these States, no State had more than 10,000 unelectrified farms.

While it would seem that the job of farm electrification is approaching substantial completion, I must caution you that this is not necessarily so. American agriculture is like everything else American: it is dynamic, not static. New farms are being added while old ones are being retired from active production or are being merged into others. The job of electrifying our farms will never be 100 percent completed for the same reason the job of building automobiles or better mousetraps will never be done. But we are well on our way to making rural electric service universally available.

FINANCIAL SOUNDNESS

REA electrification loans total almost \$3 billion, about \$250 million of which were made during my tenure as Administrator. We firmly believe that the REA loans with very few exceptions are sound and will be repaid within the time agreed, with interest.

It is a matter of great satisfaction to us to report that since April 1953 the number of delinquent borrowers has been reduced from 35 to 13 and the number of borrowers which have made advance payments increased from 704 to 745. Dollarwise, delinquencies have been cut more than half from \$626,557 to \$307,341; advance payments increased about 45 percent, from \$54,350,853 to \$78,647,457.

We are not complacent about the record, particularly when we reflect upon the effort required to achieve it and then look ahead to the precipitate increases in debt-payment load which the next few years bring. But we are constantly preparing to meet the challenge of helping our borrowers to maintain their record. We are improving our techniques for helping our borrowers which appear to be in danger of financial difficulties and devising new ones for avoiding and curing defaults.

Perhaps one of the most important contributions toward assuring financial stability of our borrowers has been the power-use promotion work carried on in cooperation with all segments of the electric industry and with the colleges and Extension Service. These groups are working together under auspices of the Interindustry Farm Electric Utilization Council and their effort promises great dividends not only to our borrowers but to their farmer-consumers and also to the Government by enhancing its loan security.

ADEQUATE POWER SUPPLY

Major progress has been made in improving the supply of electric power in rural areas. We have worked with our borrowers in meeting power-supply needs as they occurred and in forestalling power-supply emergencies before they occur.

Loans for generation and transmission facilities were made where required as a means to lower cost of electricity for farmers. During 1954 they amounted to slightly more than \$40 million and will add something over 100,000 kilowatts to borrowers' generating capacity. Important developments have occurred in interconnecting and integrating borrowers' facilities with neighboring facilities to minimize

the higher costs usually associated with isolated systems of relatively small capacity.

The wholesale cost of power has dropped and, more important, the average cost per kilowatt-hour of power to the residential consumer, both farm and nonfarm, dropped from 3.22 cents in 1953 to 3.06 cents in 1954. At the same time, net margins of electrification borrowers went up nearly 40 percent.

Senator HUMPHREY. What do you mean by that?

Mr. NELSEN. The net margins.

Senator HUMPHREY. You mean the profit?

Mr. NELSEN. The margins to the cooperatives went up by 40 percent.

Mr. STRONG. They are not called profits. It is the operating margins, the excess of revenues over operating expenses. And some excess is necessary in order to make possible the repayment of the Government loan.

Senator HUMPHREY. I just wanted to get that terminology explained here for the record.

In other words, these are your operating margins that you feel are important for the solvency of the loan?

Mr. STRONG. That is correct.

Senator HUMPHREY. To guarantee the long-term repayment of the Government loan?

Mr. STRONG. And to keep the cooperatives in good, sound financial shape, so that at all times they have a sufficient amount of cash on hand to meet whatever emergencies might arise.

Senator HUMPHREY. You have been working toward getting that margin limit up a little bit, all the way along here, I gather it.

Mr. STRONG. Yes.

As Mr. Nelsen has indicated, efforts have been made and are continuing along that line.

Senator HUMPHREY. And this lower cost, just as a point of explanation, from 3.22 cents to 3.06 cents you feel is the result primarily of these interconnecting efforts—I mean, working out of these isolated power units, integrating them into a broader system?

Mr. STRONG. Not entirely so. It is due in part also to the increased use of power.

Senator HUMPHREY. Yes.

Mr. STRONG. By the farmer. As the volume of use increases the average cost per kilowatt-hour drops.

Senator HUMPHREY. Very good. I just felt that it is helpful to document those figures just a little bit more. Go ahead, Mr. Nelsen.

Mr. NELSEN. Looking to the future, appropriate and effective steps have been taken to assure participation by the rural electric systems in any cost reductions that the use of atomic energy may bring about.

BORROWER SELF-RELIANCE

The rural electrification program is free enterprise. The REA borrowers own and operate their rural electric systems; their relationship with REA is that of a borrower. In their initial organization and their early days of operation, REA provided considerable assistance to them. As they have gained operating experience and financial strength, REA assistance in engineering, accounting, and management

has been gradually decreased. Today, most of the electric borrowers are providing for themselves most of the services formerly provided by REA. The assistance to borrowers being provided by REA at the present time is limited almost entirely to working with those borrowers who have financial difficulties at present, or will apparently have financial difficulties as their debt payments increase in the future.

EFFICIENT ADMINISTRATION

We have given continuous attention to improved administration of the program. Wherever possible, changes that will improve efficiency and reduce administrative costs have been made. We have made organizational changes and procedural changes which have resulted in improved efficiency during the past year and, at the same time, we effected a substantial savings in administrative costs.

We have reduced the time required for handling electric loan applications. The loan process has been cut to a minimum for those borrowers which are well established and have good operating records; Applications under the simplified procedure are being processed in about 50 percent of the time formerly required. About one-third of the present applications are in this category and we are currently working on other improvements which may raise this percentage as high as 45 percent. This has helped to cut down the backlog of loan applications to just about half of what it was 2 years ago. To my knowledge, we have not turned down or delayed a single loan application that was complete and feasible.

BACKGROUND OF STATE FORMULA

This matter of the loan allotment formula is directly related to our ability to meet the loan needs of the borrowers.

As it now stands, the State allotment formula provides that 50 percent of the amount made available annually by Congress for electric loans must be reserved for loans in the several States in the proportion which the number of their unelectrified farms bears to the total number of unelectrified farms in the United States. Of the remaining 50 percent, and of any funds carried over from a previous year, not more than 10 percent may be loaned in 1 State.

I want to point out that the amount set up for each State under this formula is not a guaranty that that amount will be loaned within the State. Loans can be made only if valid applications are submitted.

This formula was one of the first items of business which confronted me upon my taking office in April 1953. The 1954 budget recommendations for the Agriculture Department were then under consideration by the House Appropriations Subcommittee. The budget recommended that the \$60 million electrification contingent loan authorization be made available free of the limitations contained in section 3 of the Rural Electrification Act except that not more than 20 percent could be distributed in any one State. REA had already appeared before the subcommittee. On April 22, 1953, witnesses representing the National Rural Electric Cooperative Association requested the subcommittee to eliminate the formula entirely. I was present at the Senate Appropriations Subcommittee hearings on May 6 when the formula and its relationship to the contingent loan authoriza-

tion were discussed but did not participate in the discussion. Frankly, I had not then been sufficiently familiarized with the matter to take a position on it. I was not asked for my views and did not make a statement on the matter.

When the 1954 appropriation bill reached the floor of the House on May 19-20, an amendment to free the contingent loan funds entirely from the section 3 formula was stricken on a point of order. When the bill reached the Senate floor on June 15, Senator Young offered an amendment similar to that recommended in the budget. It, too, was stricken on a point of order. During the debate the suggestion was made by Senator Knowland that this was a matter for the proper legislative committee, where of course it now is.

I had this allotment matter looked into and found that it had been the subject of discussion in the Senate as far back as the spring of 1949. I also learned that the Budget Bureau had suggested its elimination in the 1952 budget and that the National Rural Electric Cooperative Association had been supporting this action since early in 1951.

By the fall of 1954 after a full year of experience with the allotment formula and its limitations, it was apparent to me that it was in the interests of an effective rural electrification loan program to recommend elimination of the formula from the act.

We are here today to urge passage of S. 153 which so provides.

HOW THE STATE ALLOTMENT FORMULA WORKS

The purpose of the State allotment formula was to insure a uniform rate of extension of central station electric service to farms throughout the United States. The formula has served this purpose quite well; by June 30, 1955, about 95 percent of the Nation's farms will have been connected, and it appears that in at least 40 States the electrified farms will exceed 90 percent of the total farms in each of those States. The State allotment formula was of particular importance during the early stages of the program, when the extension of electric service in many areas was very difficult and required the organization and development of borrowers. The reservation of funds to each State under the formula was desirable, since it stimulated the efforts of REA and of local groups in all sections of the country.

In future years, the State allotment formula will not be needed for that purpose, and it is doubtful that it will serve to speed the completion of area coverage. Completion of area coverage will depend almost entirely on the financial ability of already existing borrowers to extend their lines. Further, most of the farms unelectrified at June 30, 1955, will pose difficult problems of feasibility, and the availability of loan funds under the State allotment formula will not assure their connection. In any event, the loan funds required in succeeding years can be made available more advantageously through administrative discretion than through the increasingly cumbersome State allotment formula.

The loan requirements of the borrowers are changing as the program nears area coverage. System improvements, generation and transmission are requiring increasing proportions of the total loan funds. Continuation of the State allotment formula will result in inequitable distribution of loan funds among the States, and the inequity will increase with time.

Present estimates indicate that in fiscal year 1956, loan requirements for distribution facilities exclusive of system improvements will be about 35 percent of the total electric loan requirements. In fiscal year 1957, distribution facilities exclusive of system improvements will be only about 25 percent of the total loan requirements, and in succeeding years the percentage will drop still further. It appears illogical that half of the loan funds authorized by Congress in future years should be made available to the States on the basis of their number of unelectrified farms, when these will require much less than half of the loan funds. System improvements and generation and transmission loan requirements bear no relationship to the number of unelectrified farms.

I can illustrate this by citing the State of Mississippi. Mississippi happens to be a State in which there are numerous rural electric systems but where many rural people, for economic and perhaps other reasons, are not taking service. In 1952, with almost 11 percent of all unelectrified farms, Mississippi received only one-tenth of 1 percent of the loans made in that year. In 1954, with 14.4 percent of all unelectrified farms, it received only 4 percent of the loans made in that year.

The largest percentage of our annual loans received by any one State in recent years was 13.7 percent received by Kentucky in 1952. In that year, Kentucky had only 6 percent of the Nation's unelectrified farms. Similar disparities exist nearly every year among the various States. In my opinion, they demonstrate quite conclusively that the percentage of unelectrified farms is no longer an accurate measure of loan needs.

EFFECT OF THE FORMULA ON LOAN FUND REQUIREMENTS

The contingency loan fund appears to have been devised to offset the effect of the State allotment formula. It first appeared in the 1950 REA appropriation when \$150 million was provided for electrification loan funds, in addition to the \$350 million regularly provided—

to be borrowed under the the same terms and conditions if and to the extent that the Secretary of Agriculture shall certify, from time to time, to the Secretary of the Treasury that such additional amounts are required during the fiscal year 1950, under the then existing conditions, for the expeditious and orderly development of the program.

During fiscal 1950, \$120 million of this amount was drawn down in order to provide enough funds under the formula to make loans of approximately \$10 million which could not otherwise have been made in that year because of formula limitations. It is important to note that there was a carryover of about \$140 million of electrification loan funds from fiscal 1950 into fiscal 1951. For fiscal 1951, the Congress again made available a contingent loan fund which was not used.

As I have already stated, the 1952 budget recommended elimination of the State allotment formula so that loan needs could be met without the necessity for drawing down contingent loan funds far in excess of actual needs. This recommendation was not adopted.

For fiscal 1952, a contingent loan fund of \$75 million was provided; for fiscal 1953, \$50 million. No part of these funds was drawn upon. Of the \$45 million contingent loan authorization appropriated for fiscal 1954, \$38 million was drawn to permit loans of slightly more than \$2

million. Forty-seven million dollars of electrification loan funds were carried over from fiscal 1954 into 1955. It looks as if we shall draw the full \$35 million of contingent loan fund authorization for fiscal 1955 in order to permit loans of slightly under \$2 million which could not otherwise be made only because of the allotment formula limitations. Most of the contingent funds drawn down in fiscal 1955 will probably be carried over into fiscal 1956.

Senator HUMPHREY. So that we have a complete and clear understanding of this language, this reference, when you speak about \$38 million was drawn to permit loans of slightly more than \$2 million out of the funds appropriated for fiscal 1954, what do you mean by that? You say that you draw down \$38 million in order to permit loans of \$2 million.

Mr. STRONG. Under the formula, Senator, only certain percentages of the dollars available can be used in any one State, because of the necessity of relating those dollars to the formula based upon the number of unelectrified farms in each State.

You first determine the relationship between the number of unelectrified farms in any given State to the total number of unelectrified farms in the Nation. On that basis percentagewise then the dollars available to the extent of 50 percent of the initial authorization of Congress and also of any contingency of preparation is set up for use among the various States. In order then—we will take Minnesota—to get \$1 million for use in Minnesota, we would have to draw down of this contingency appropriation \$20 million.

Senator HUMPHREY. In order to get \$1 million out of your regular authorized loan funds?

Mr. STRONG. Or the contingency. The same formula applies to the contingency. It runs roughly 20 to 1. In other words, in order to get \$1 million for any State we would have to draw down \$20 million. The other \$19 million would be available for use in other States.

Senator HUMPHREY. I get your point. You sort of freeze it, in other words, you freeze the \$19 million for other States, so to speak, when you draw down for the project that you may be faced with at the moment.

Mr. STRONG. And even if these other States have no use for that money whatever, that money then carries over into the next year.

Senator HUMPHREY. So your formula works both on the contingency fund and your regular authorized loan funds?

Mr. STRONG. That is correct.

Senator HUMPHREY. Thank you very much. You may proceed, Mr. Nelsen.

Mr. NELSEN. It is quite obvious that the large contingent loan fund authorizations have been required only because of the now artificial, unrealistic limitations of the State allotment formula and have not been related to actual loan needs. This is clearly proven by fact that the loan fund carryover each year when contingent funds were drawn upon consistently exceeded the total amount drawn.

One trouble with continuing to operate on this basis is that it distorts for the public the size of the REA loan fund request in the Federal budget. Another problem is that with the large carryovers that are created, Congress largely loses its year-to-year control over the size of the loan program.

Abandonment of the State allotment formula would permit material reductions in the contingency or reserve fund requests if not their complete elimination. There would be no freezing of funds in some States where they cannot be loaned, and the carryover of unused loan funds from one year to the next would be substantially reduced. The loan authorizations requested of Congress could be based on actual loan needs, rather than the larger amounts which must inevitably be requested so long as the State allotment formula remains a part of the act.

ANNUAL UNELECTRIFIED FARM SURVEY

Section 3 (c) specifically requires that the Administrator make a determination of the number of unelectrified farms within 90 days after the beginning of each fiscal year. Annually a survey is conducted commencing shortly after July 1. Information is solicited from borrowers, electric companies, municipal and other suppliers, State regulatory bodies, and trade associations. The electric company records reflect the number of meters served and these exceed the number of farms due to multiple-dwelling units. In addition, few electric companies classify their farm consumers as such, and even the REA borrowers, who have a farm classification, cannot be certain that the consumers they classify as "farm" meet the census definition of a farm. As a result, there are undoubtedly errors in the estimates. These problems are not unique to REA; I am told the Edison Electric Institute has experienced the same difficulties in its estimates.

As the State estimates approach 100 percent and consequently change very little from year to year, it becomes increasingly important because of the operation of the State allotment formula that the estimates be accurate, and at the same time, it becomes increasingly difficult to make estimates which are accurate and consistent from one year to the next. Changes in the classification of consumers, changes in the actual number of farms as contrasted with the last census, and other related problems are magnified in their effect on the estimates.

I understand that there is a feeling in some quarters that the requirement for an annual survey should be retained even if the State allotment formula is abandoned. Just what use would be made of it is something I do not know. The cost of making the survey and allotting loan funds on the basis of it runs to roughly \$25,000 per year. We can make much better use of the time and effort involved. In my opinion, the census count made every 5 years furnishes accurate information on rural electrification progress and I urge that this requirement not be continued.

In conclusion, I want to say that I support S. 153 and urge its adoption. I think it is significant that the 1949 telephone loan amendment of the Rural Electrification Act, title II, makes no provision for surveys or for State allotment formula. I have heard no complaint over this or over the administration of telephone loan funds after 5½ years of telephone loan experience. It seems to me that the formula and survey can be dispensed with for rural electrification loans:

We have a series of tables here which bear on the various aspects of this matter and if it suits your pleasure I will ask Mr. Partridge, our program analyst, to discuss them.

Senator HUMPHREY. Mr. Nelsen, the figure that you use there, where you say the cost, relating now to the annual unelectrified farm survey——

Mr. NELSEN. \$25,000.

Senator HUMPHREY. The cost of making this survey and allotting loan funds on the basis of it runs roughly to \$25,000 a year. I think there has been some feeling that that figure is a little high. I know this has been discussed off and on before as to what the cost of these surveys are.

Is there any way that you could give us more of a justification on that by providing us with some breakdown of man-hours and the number of people involved?

Mr. NELSEN. I believe that we can. Mr. Partridge I believe can answer that.

Senator HUMPHREY. In reference to this inquiry that I directed to Mr. Nelsen about the justification for the figure which is used here of \$25,000, what was your comment on that, Mr. Partridge?

Mr. PARTRIDGE. We have reasonably accurate figures on the actual cost of conducting the survey. The cost of administering the formula is not definitely known, although we have made some reasonably good estimates on it.

Senator HUMPHREY. If you eliminate the survey—this annual survey that you are required to make—would you be able to actually save any money in terms of personnel?

Mr. PARTRIDGE. We will put it this way, sir: The survey itself in cost to the agency amounts to about \$3,000 per year. Whether we would save that or whether we would use for some other purpose, as Mr. Nelsen suggested, I could not say at this point.

Senator HUMPHREY. My point was, would you cut down your manpower—I mean, your administrative staff—equivalent to that much?

Mr. PARTRIDGE. No.

Senator HUMPHREY. Is this work done by people who are already working on other projects in the agency?

Mr. PARTRIDGE. Yes, sir.

Senator HUMPHREY. It is an added burden, to be sure, an added responsibility?

Mr. PARTRIDGE. That is right, it is.

Senator HUMPHREY. But to eliminate it, the annual survey, would you make any substantial reduction in the number of employees?

Mr. PARTRIDGE. We have no people who work particularly and exclusively on the survey. Therefore, it is unlikely that we would actually dismiss any employees if we discontinued the survey.

Senator HUMPHREY. Apparently from your explanation the greatest amount of this \$25,000 estimate is used in this formula?

Mr. PARTRIDGE. That is right.

Senator HUMPHREY. The State allotment formula?

Mr. PARTRIDGE. That is right.

Senator HUMPHREY. In the complicated arithmetic that is involved and administrative complexities involved in that formula, is that correct?

Mr. PARTRIDGE. That is correct, sir. Throughout the year we are faced with the problem of continuously estimating and recalculating

the amount of money available in each State. That problem extends all the way down through the sections which are engaged in the lending operation in the agency. And from there clear up through to the Administrator's office.

Senator HUMPHREY. Senator Scott, did you have any questions that you wanted to ask Mr. Nelsen or Mr. Strong or Mr. Partridge?

Senator SCOTT. I do not know whether this is the proper time to ask this or not.

Where you are making the big loans, where they are interested in transmission systems, something like that, let me ask if you do not have a loan in South Carolina that is not panning out at the present time. Is that correct?

Mr. NELSEN. You are referring to the Central Generating and Transmission Cooperative. That is South Carolina 50, I believe. I do not believe it could be said that the cooperative is in any financial difficulties. They have a working arrangement with a State authority. At the present time the State authority has indicated that unless some relief is granted in the way of loan repayments, they will have to raise the rate.

They have asked us to give consideration to a deferment of payments at the moment. We have granted the deferment, providing the farmers of South Carolina are given a continuation of their 6.2 mill rate. That is the basis on which our deferment was made.

However, I believe it can honestly be said that from a careful examination—it cannot be said that they are in a difficult financial position. As a matter of arrangement of the finances, I think that can be worked out.

Senator SCOTT. You feel it is a wholesome situation?

Mr. NELSEN. I feel it can be worked out, yes.

Senator HUMPHREY. A question I had in mind earlier as to something here in your statement: By the way, I want to thank you for the comprehensive nature of this statement. It is very helpful to me. I am sure it is to Senator Scott, to get every view of the program that is being operated.

You mention here something in reference to the possibility of atomic energy development in the field.

Mr. NELSEN. Yes.

Senator HUMPHREY. As you know, we are keenly interested out our way in Minnesota about that, as they are, I suppose, in every other State. Do you feel that the elimination of the restrictions involved in the State formula would give you more loan leeway for some pilot plants in this line?

Mr. NELSEN. Well, I think that this same rule would apply in this case as in other generation plants. For example, the one instance that highlighted our problem was Colorado. We at the present time have two loan applications that are moving up to what we think will be final approval before the end of the fiscal year—we hope, and we think it will happen.

In this case it draws down quite a lot of money in one State. This allotment formula, of course, provides a bit of problem for us, but we are going to work it out, anyway, without any difficulty. I would

say the same thing would apply to any other powerplant, whether it be atomic or any other plant—the same rule would apply.

On the survey I think you will note that while we mention \$25,000 it is pretty hard to separate personnel, as to what they do. Our same people will be with REA, even if the survey was eliminated, the same personnel would be with us, but we feel that they can be doing something so much more productive that will yield results.

That is our objective. It is to get these people to be working at things that are needed to be done in our administration of this program.

Senator HUMPHREY. You wanted Mr. Partridge to present to us some data?

Mr. NELSEN. Yes.

Senator HUMPHREY. That is, some tables that relate to the program. Your position is that of program analyst?

Mr. PARTRIDGE. That is correct.

Senator HUMPHREY. I am going to ask that these tables be made a part of the record at this point.

(The tables are as follows:)

TABLE 1.—*Number and percentage of unelectrified farms, as of June 30, 1949, compared with amount and percentage of electrification loans made during fiscal year 1950, by States*

	June 30, 1949, REA survey of unelectrified farms		Percent of total unelectrified farms	Gross loans during year, continental United States only	
	Number	Percent of farms		Amount (thousands)	Percent
United States.....	1, 277, 153	21. 8	100. 000	\$370. 011	100. 00
Alabama.....	49, 289	22. 1	3. 859	5, 830	1. 58
Arizona.....	2, 177	16. 6	. 170	3, 693	1. 00
Arkansas.....	61, 629	31. 0	4. 825	7, 926	2. 14
California.....	7, 047	5. 1	. 552	978	. 26
Colorado.....	4, 661	9. 8	. 365	7, 248	1. 96
Connecticut.....	111	. 5	. 009	.....	.....
Delaware.....	439	4. 7	. 034	310	. 08
Florida.....	14, 390	23. 5	1. 127	5, 320	1. 44
Georgia.....	32, 448	14. 4	2. 541	7, 021	1. 90
Idaho.....	997	2. 4	. 078	2, 583	. 70
Illinois.....	14, 903	7. 3	1. 167	8, 912	2. 41
Indiana.....	3, 175	1. 8	. 249	5, 680	1. 54
Iowa.....	28, 891	13. 8	2. 262	11, 358	3. 07
Kansas.....	54, 635	38. 7	4. 278	9, 757	2. 64
Kentucky.....	84, 371	35. 4	6. 606	23, 594	6. 38
Louisiana.....	36, 958	28. 6	2. 894	2, 941	. 79
Maine.....	9, 267	22. 0	. 726	452	. 12
Maryland.....	2, 562	6. 2	. 200	.....	.....
Massachusetts.....	1, 487	4. 0	. 116	.....	.....
Michigan.....	5, 187	3. 0	. 406	10, 627	2. 87
Minnesota.....	39, 452	20. 9	3. 089	15, 515	4. 19
Mississippi.....	134, 055	50. 9	10. 496	8, 500	2. 30
Missouri.....	14, 285	37. 8	1. 118	5, 721	1. 55
Montana.....	94, 411	38. 9	7. 392	43, 996	11. 89
Nebraska.....	50, 839	45. 5	3. 981	15, 768	4. 26
Nevada.....	1, 265	36. 9	. 099	.....	.....
New Hampshire.....	992	5. 3	. 078	.....	.....
New Jersey.....	542	2. 1	. 042	50	. 01
New Mexico.....	14, 134	47. 6	1. 107	13, 314	3. 60
New York.....	8, 017	5. 4	. 628	237	. 06
North Carolina.....	47, 203	16. 4	3. 696	10, 853	2. 93
North Dakota.....	44, 186	63. 6	3. 460	23, 270	6. 29
Ohio.....	1, 348	. 6	. 105	3, 870	1. 05
Oklahoma.....	72, 502	44. 0	5. 677	23, 342	6. 31
Oregon.....	420	. 7	. 033	5, 090	1. 38
Pennsylvania.....	11, 178	6. 5	. 875	3, 022	. 82
Rhode Island.....	87	2. 4	. 007	.....	.....
South Carolina.....	31, 658	21. 4	2. 479	6, 400	1. 73
South Dakota.....	42, 092	61. 3	3. 296	9, 232	2. 50
Tennessee.....	80, 198	34. 2	6. 279	10, 304	2. 78
Texas.....	83, 231	21. 6	6. 517	15, 322	4. 14
Utah.....	5, 043	19. 2	. 395	9, 509	2. 57
Vermont.....	4, 414	16. 7	. 346	302	. 08
Virginia.....	26, 434	15. 3	2. 070	16, 846	4. 55
Washington.....	2, 741	3. 4	. 215	2, 802	. 75
West Virginia.....	32, 084	32. 9	2. 512	.....	.....
Wisconsin.....	14, 943	8. 4	1. 170	8, 447	2. 28
Wyoming.....	4, 775	36. 5	. 374	4, 069	1. 10

TABLE 2.—Number and percentage of unelectrified farms, as of June 30, 1950, compared with amount and percentage of electrification loans made during fiscal year 1951, by States

	June 30, 1950 REA survey of unelectrified farms		Percent of total unelectrified farms	Gross loans during year, continental United States only	
	Number	Percent of farms		Amount (000)	Percent
United States.....	805, 493	13. 7	100. 000	\$220, 821	100. 00
Alabama.....	25, 661	11. 5	3. 186	6, 035	2. 73
Arizona.....	1, 303	9. 9	. 162	100	. 05
Arkansas.....	34, 489	17. 4	4. 282	13, 353	6. 05
California.....	2, 113	1. 5	. 262	4, 635	2. 10
Colorado.....	4, 048	8. 5	. 503	12, 142	5. 50
Connecticut.....	25	. 1	. 003		
Delaware.....	374	4. 0	. 046		
Florida.....	10, 273	16. 8	1. 275	2, 202	1. 00
Georgia.....	9, 702	4. 3	1. 204	1, 165	. 53
Idaho.....	447	1. 1	. 055	2, 102	. 95
Illinois.....	5, 719	2. 8	. 710	5, 643	2. 56
Indiana.....	1, 936	1. 1	. 240	3, 905	1. 77
Iowa.....	9, 402	4. 5	1. 167	3, 414	1. 55
Kansas.....	36, 468	25. 8	4. 527	5, 891	2. 67
Kentucky.....	52, 436	22. 0	6. 510	9, 345	4. 23
Louisiana.....	19, 473	15. 1	2. 418	3, 738	1. 69
Maine.....	9, 081	21. 5	1. 127	140	. 06
Maryland.....	1, 146	2. 8	. 142	2, 700	1. 22
Massachusetts.....	851	2. 3	. 106		
Michigan.....	1, 525	. 9	. 189	1, 880	. 85
Minnesota.....	23, 079	12. 2	2. 865	7, 436	3. 38
Mississippi.....	111, 489	42. 3	13. 841	6, 010	2. 72
Missouri.....	57, 503	23. 7	7. 139	19, 978	9. 05
Montana.....	10, 671	28. 3	1. 325	4, 960	2. 25
Nebraska.....	30, 117	26. 9	3. 739	6, 494	2. 94
Nevada.....	1, 124	32. 8	. 140		
New Hampshire.....	634	3. 4	. 079		
New Jersey.....	147	. 6	. 018		
New Mexico.....	10, 260	34. 6	1. 274	6, 652	3. 00
New York.....	6, 355	4. 3	. 789	360	. 16
North Carolina.....	32, 844	11. 4	4. 078	9, 803	4. 44
North Dakota.....	30, 892	45. 1	3. 835	1, 958	. 89
Ohio.....	832	. 4	. 103	1, 540	. 70
Oklahoma.....	53, 308	32. 3	6. 618	11, 751	5. 32
Oregon.....	316	. 5	. 039	2, 840	1. 29
Pennsylvania.....	9, 212	5. 4	1. 144	1, 505	. 68
Rhode Island.....	4	. 1	. 001		
South Carolina.....	20, 181	13. 7	2. 505	5, 785	2. 62
South Dakota.....	27, 441	39. 9	3. 407	19, 133	8. 66
Tennessee.....	41, 414	17. 7	5. 141	6, 567	2. 97
Texas.....	50, 471	13. 1	6. 266	9, 806	4. 44
Utah.....	4, 837	18. 4	. 601	942	. 43
Vermont.....	3, 666	13. 8	. 455	117	. 05
Virginia.....	15, 575	9. 0	1. 934	7, 935	3. 59
Washington.....	1, 294	1. 6	. 161	1, 584	. 71
West Virginia.....	20, 525	21. 0	2. 548		
Wisconsin.....	11, 930	6. 7	1. 481	6, 428	2. 91
Wyoming.....	2, 900	22. 2	. 360	2, 847	1. 29

TABLE 3.—*Number and percentage of unelectrified farms, as of June 30, 1951, compared with amount and percentage of electrification loans made during fiscal year 1952, by States*

	June 30, 1951, REA survey of unelectrified farms		Percent of total unelectrified farms	Gross loans during year, continental United States only	
	Number	Percent of farms		Amount (000)	Percent
United States.....	858, 272	16.0	100.00	\$149, 875	100.00
Alabama.....	50, 496	24.0	5.88	50	.03
Arizona.....	1, 310	12.6	.15	2, 152	1.44
Arkansas.....	36, 483	20.0	4.25	2, 815	1.88
California.....	6, 857	5.0	.80	750	.50
Colorado.....	9, 973	21.9	1.16	6, 277	4.19
Connecticut.....	1, 015	6.5	.12		
Delaware.....	939	12.6	.11	1, 220	.81
Florida.....	11, 369	20.0	1.32	846	.56
Georgia.....	43, 612	22.0	5.08	815	.54
Idaho.....	2, 094	5.2	.24	450	.30
Illinois.....	19, 525	10.0	2.27	1, 969	1.31
Indiana.....	8, 332	5.0	.97	448	.30
Iowa.....	8, 554	4.2	1.00	2, 946	1.97
Kansas.....	20, 177	15.4	2.35	4, 685	3.13
Kentucky.....	51, 619	23.6	6.01	20, 512	13.69
Louisiana.....	26, 083	21.0	3.04	3, 656	2.44
Maine.....	4, 093	13.5	.48	32	.02
Maryland.....	4, 237	11.7	.50		
Massachusetts.....	1, 843	8.3	.21		
Michigan.....	3, 679	2.4	.43	3, 500	2.34
Minnesota.....	18, 377	10.3	2.14	2, 720	1.81
Mississippi.....	94, 046	37.4	10.96	153	.10
Missouri.....	44, 254	19.2	5.16	16, 322	10.89
Montana.....	9, 193	26.2	1.07	1, 144	.76
Nebraska.....	13, 700	12.8	1.60	2, 289	1.53
Nevada.....	1, 203	38.7	.14	38	.02
New Hampshire.....	714	5.3	.08		
New Jersey.....	1, 304	5.3	.15	240	.16
New Mexico.....	9, 313	39.5	1.10	13, 073	8.72
New York.....	6, 814	5.5	.80	20	.01
North Carolina.....	46, 840	16.2	5.46	8, 346	5.57
North Dakota.....	16, 742	25.6	1.95	710	.47
Ohio.....	11, 958	6.0	1.40	2, 062	1.38
Oklahoma.....	42, 676	30.0	4.97	5, 063	3.38
Oregon.....	4, 917	8.2	.57	4, 480	2.99
Pennsylvania.....	10, 757	7.3	1.25	1, 692	1.13
Rhode Island.....	181	7.0	.02		
South Carolina.....	32, 891	23.6	3.83	7, 509	5.01
South Dakota.....	16, 898	25.5	1.97	1, 402	.94
Tennessee.....	42, 564	18.4	4.96	1, 825	1.22
Texas.....	66, 299	20.0	7.72	15, 965	10.65
Utah.....	2, 084	8.6	.24	152	.10
Vermont.....	1, 290	6.8	.15	84	.06
Virginia.....	19, 011	12.6	2.22	4, 011	2.68
Washington.....	4, 399	6.3	.51	2, 848	1.90
West Virginia.....	14, 629	18.0	1.70	205	.14
Wisconsin.....	9, 940	5.9	1.16	1, 246	.83
Wyoming.....	2, 988	23.7	.35	3, 153	2.10

TABLE 4.—*Number and percentage of unelectrified farms as of June 30, 1952, compared with amount and percentage of electrification loans made during fiscal year 1953, by States*

	June 30, 1952, REA survey of unelectrified farms		Percent of total unelectrified farms	Gross loans during year, continental United States only	
	Number	Percent of all farms		Amount (000)	Percent
United States.....	641, 285	11. 9	100. 000	164, 958	100. 00
Alabama.....	41, 137	19. 4	6. 415	2, 790	1. 69
Arizona.....	1, 249	12. 0	. 195	1, 310	. 79
Arkansas.....	35, 599	19. 5	5. 551	5, 303	3. 20
California.....	8, 208	6. 0	1. 280	3, 260	1. 98
Colorado.....	6, 791	14. 9	1. 060	6, 190	3. 75
Connecticut.....	946	6. 1	. 148	.....	.....
Delaware.....	734	9. 9	. 114	.....	.....
Florida.....	11, 814	20. 8	1. 842	2, 765	1. 68
Georgia.....	25, 563	12. 9	3. 986	4, 622	2. 80
Idaho.....	1, 797	4. 5	. 280	1, 551	. 94
Illinois.....	12, 287	6. 3	1. 916	4, 089	2. 48
Indiana.....	3, 420	2. 1	. 533	1, 245	. 75
Iowa.....	5, 830	2. 9	. 910	13, 227	8. 02
Kansas.....	15, 346	11. 7	2. 393	2, 196	1. 33
Kentucky.....	36, 078	16. 5	5. 626	3, 780	2. 29
Louisiana.....	18, 333	14. 8	2. 860	2, 808	1. 70
Maine.....	3, 971	13. 1	. 619	227	. 14
Maryland.....	3, 172	8. 8	. 495	1, 500	. 90
Massachusetts.....	1, 817	8. 2	. 283	.....	.....
Michigan.....	1, 738	1. 1	. 271	645	. 39
Minnesota.....	13, 852	7. 7	2. 160	4, 458	2. 70
Mississippi.....	83, 752	33. 3	13. 060	4, 610	2. 79
Missouri.....	33, 523	14. 6	5. 227	8, 261	5. 00
Montana.....	7, 413	21. 1	1. 156	3, 890	.....
Nebraska.....	8, 465	7. 9	1. 320	11, 979	7. 26
Nevada.....	1, 088	35. 0	. 170	.....	.....
New Hampshire.....	347	2. 6	. 054	2, 200	1. 33
New Jersey.....	1, 019	4. 1	. 159	.....	.....
New Mexico.....	7, 906	33. 5	1. 233	8, 729	5. 29
New York.....	6, 652	5. 3	1. 042	68	. 04
North Carolina.....	27, 697	9. 6	4. 319	5, 547	3. 36
North Dakota.....	12, 557	19. 2	1. 958	1, 110	. 67
Ohio.....	7, 982	4. 0	1. 245	5, 255	3. 19
Oklahoma.....	30, 327	21. 3	4. 729	7, 237	4. 39
Oregon.....	3, 443	5. 8	. 537	920	. 56
Pennsylvania.....	8, 960	6. 1	1. 397	1, 786	1. 08
Rhode Island.....	157	6. 0	. 024	.....	.....
South Carolina.....	23, 174	16. 6	3. 614	2, 012	1. 22
South Dakota.....	12, 681	19. 1	1. 977	5, 415	3. 28
Tennessee.....	31, 086	13. 4	4. 847	5, 955	3. 60
Texas.....	46, 116	13. 9	7. 191	12, 978	7. 87
Utah.....	1, 692	7. 0	. 264	.....	.....
Vermont.....	1, 238	6. 5	. 193	375	. 23
Virginia.....	11, 325	7. 5	1. 766	2, 400	1. 45
Washington.....	2, 446	3. 5	. 381	4, 633	2. 81
West Virginia.....	10, 924	13. 4	1. 703	.....	.....
Wisconsin.....	7, 702	4. 6	1. 201	6, 220	3. 77
Wyoming.....	1, 901	15. 1	. 296	1, 412	. 92

TABLE 5.—*Number and percentage of unelectrified farms, as of June 30, 1953, compared with amount and percentage of electrification loans made during fiscal year 1954, by States*

	June 30, 1953 REA survey of unelectrified farms		Percent of total unelectrified farms	Gross loans during year, continental United States only	
	Number	Percent of all farms		Amount (000)	Percent
United States.....	493,674	9.2	100.000	161,037	100.00
Alabama.....	30,656	14.5	6.210	3,611	2.24
Arizona.....	955	9.2	.193	3,179	1.97
Arkansas.....	31,282	17.1	6.337	3,366	2.10
California.....	7,995	5.8	1.620	2,035	1.26
Colorado.....	4,519	9.9	.915	3,460	2.15
Connecticut.....	878	5.6	.178	.....	.....
Delaware.....	574	7.7	.116	.....	.....
Florida.....	10,389	18.3	2.104	5,360	3.33
Georgia.....	19,908	10.0	4.033	7,930	4.92
Idaho.....	1,290	3.2	.261	194	.12
Illinois.....	10,339	5.3	2.094	3,709	2.30
Indiana.....	1,111	.7	.225	1,150	.71
Iowa.....	3,201	1.6	.649	1,762	1.10
Kansas.....	9,430	7.2	1.910	1,100	.68
Kentucky.....	28,200	12.9	5.712	6,440	4.00
Louisiana.....	12,932	10.4	2.620	1,873	1.16
Maine.....	3,643	12.0	.738	43	.03
Maryland.....	2,123	5.9	.430	2,805	1.74
Massachusetts.....	1,739	7.8	.352	.....	.....
Michigan.....	85	.1	.017	10,289	6.39
Minnesota.....	9,359	5.2	1.896	10,149	6.30
Mississippi.....	71,120	28.3	14.406	6,545	4.06
Missouri.....	23,198	10.1	4.699	2,420	1.50
Montana.....	5,269	15.0	1.067	4,463	2.77
Nebraska.....	5,776	5.4	1.170	13,671	8.50
Nevada.....	1,032	33.2	.209	.....	.....
New Hampshire.....	239	1.8	.049	.....	.....
New Jersey.....	694	2.8	.141	123	.08
New Mexico.....	6,492	27.5	1.315	2,281	1.42
New York.....	6,249	5.0	1.266	.....	.....
North Carolina.....	17,053	5.9	3.454	5,105	3.17
North Dakota.....	9,671	14.8	1.959	1,201	.75
Ohio.....	5,144	2.6	1.042	5,023	3.12
Oklahoma.....	26,315	18.5	5.331	4,893	3.04
Oregon.....	986	1.6	.200	2,474	1.54
Pennsylvania.....	8,744	6.0	1.771	2,885	1.79
Rhode Island.....	149	5.7	.030	.....	.....
South Carolina.....	17,235	12.4	3.491	3,190	1.98
South Dakota.....	8,280	12.5	1.677	2,291	1.42
Tennessee.....	19,196	8.3	3.888	6,936	4.31
Texas.....	41,849	12.6	8.477	13,818	8.58
Utah.....	1,162	4.8	.236	440	.27
Vermont.....	1,210	6.4	.245	30	.02
Virginia.....	6,728	4.5	1.363	1,194	.74
Washington.....	652	.9	.132	1,412	.88
West Virginia.....	10,427	12.8	2.112	.....	.....
Wisconsin.....	6,903	4.1	1.398	11,214	6.96
Wyoming.....	1,293	10.3	.262	973	.60

TABLE 6.—*Number and percentage of farms electrified with central station electric service, by States; June 30, 1945, REA estimates compared with Jan. 1, 1945, census figures*

	Jan. 1, 1945, census			June 30, 1945, R.E.A. survey, farms electrified		Percent ²
	Total farms	Farms electrified		Number	Percent ¹	
		Number	Percent			
United States.....	5, 859, 169	2, 679, 184	45. 7	2, 725, 610	44. 7	46. 5
Alabama.....	223, 369	64, 833	29. 0	66, 400	28. 7	29. 7
Arizona.....	13, 142	8, 603	65. 5	8, 250	44. 7	62. 8
Arkansas.....	198, 769	42, 058	21. 2	41, 450	19. 1	20. 9
California.....	138, 917	118, 536	85. 3	122, 200	92. 1	88. 0
Colorado.....	47, 618	23, 161	48. 6	25, 300	49. 2	53. 1
Connecticut.....	22, 241	19, 555	87. 9	19, 300	91. 2	86. 8
Delaware.....	9, 296	5, 547	59. 7	5, 250	58. 4	56. 5
Florida.....	61, 159	24, 189	39. 6	22, 200	35. 7	36. 3
Georgia.....	225, 897	76, 031	33. 7	78, 000	36. 1	34. 5
Idaho.....	41, 498	31, 034	74. 8	34, 100	78. 1	82. 2
Illinois.....	204, 239	116, 989	57. 3	122, 800	57. 5	60. 1
Indiana.....	175, 970	121, 547	69. 0	135, 500	73. 4	77. 0
Iowa.....	208, 934	123, 348	59. 0	128, 600	60. 3	61. 6
Kansas.....	141, 192	44, 653	31. 6	43, 600	27. 9	30. 9
Kentucky.....	238, 501	68, 971	28. 9	65, 500	25. 9	27. 5
Louisiana.....	129, 295	31, 333	24. 2	31, 150	20. 8	24. 1
Maine.....	42, 184	26, 775	63. 5	23, 600	60. 5	55. 9
Maryland.....	41, 315	23, 726	57. 4	26, 850	63. 7	65. 0
Massachusetts.....	37, 007	32, 887	88. 9	27, 700	86. 8	74. 8
Michigan.....	175, 268	143, 359	81. 8	157, 300	83. 9	89. 7
Minnesota.....	188, 952	87, 500	46. 3	92, 500	46. 9	49. 0
Mississippi.....	263, 528	49, 047	18. 6	54, 500	18. 7	20. 7
Missouri.....	242, 934	73, 186	30. 1	72, 850	28. 4	30. 0
Montana.....	37, 747	10, 899	28. 9	11, 350	27. 1	30. 1
Nebraska.....	111, 756	37, 752	33. 8	37, 050	30. 6	33. 2
Nevada.....	3, 429	1, 792	52. 2	1, 860	52. 1	54. 2
New Hampshire.....	18, 786	15, 200	80. 9	13, 850	83. 6	73. 7
New Jersey.....	26, 226	23, 481	89. 5	24, 300	94. 1	92. 7
New Mexico.....	29, 695	7, 093	23. 9	7, 400	21. 7	24. 9
New York.....	149, 490	120, 986	80. 9	121, 200	79. 1	81. 1
North Carolina.....	287, 412	107, 637	37. 5	106, 350	38. 2	37. 0
North Dakota.....	69, 520	7, 141	10. 3	6, 250	8. 5	9. 0
Ohio.....	220, 575	162, 590	73. 7	184, 600	79. 0	83. 7
Oklahoma.....	164, 790	44, 634	27. 1	36, 400	20. 3	22. 1
Oregon.....	63, 125	46, 652	73. 9	49, 400	79. 9	78. 3
Pennsylvania.....	171, 761	122, 774	71. 5	116, 200	68. 8	67. 7
Rhode Island.....	3, 603	3, 108	86. 3	2, 950	97. 9	81. 9
South Carolina.....	147, 745	52, 047	35. 2	57, 100	41. 5	38. 6
South Dakota.....	68, 705	8, 556	12. 5	8, 300	11. 5	12. 1
Tennessee.....	234, 431	69, 546	29. 7	63, 350	25. 6	27. 0
Texas.....	384, 977	152, 219	39. 5	144, 900	34. 7	37. 6
Utah.....	26, 322	19, 822	75. 3	20, 000	78. 7	76. 0
Vermont.....	26, 490	17, 943	67. 7	15, 800	67. 0	59. 6
Virginia.....	173, 051	61, 954	35. 8	60, 250	34. 4	34. 8
Washington.....	79, 887	66, 446	83. 2	68, 300	83. 6	85. 5
West Virginia.....	97, 600	37, 731	38. 7	33, 550	33. 8	34. 4
Wisconsin.....	177, 745	119, 623	67. 3	124, 450	66. 6	70. 0
Wyoming.....	13, 076	4, 780	36. 6	5, 550	37. 0	42. 4

¹ Based on total farms as shown on Apr. 1, 1940, census.² Based on total farms as shown on June 30, 1945, census.

TABLE 7.—*Number and percentage of farms electrified with central station electric service, by States; June 30, 1950, REA estimates compared with Apr. 1, 1950, census figures*

	Apr. 1, 1950 census			June 30, 1950 REA survey, farms electrified		Percent ²
	Total farms	Farms electrified		Number	Percent ¹	
		Number	Percent			
United States.....	5, 382, 134	4, 154, 359	77. 2	5, 053, 676	86. 3	93. 9
Alabama.....	211, 512	144, 267	68. 2	197, 708	88. 5	93. 5
Arizona.....	10, 412	7, 535	72. 4	11, 839	90. 1	113. 7
Arkansas.....	182, 429	121, 587	66. 6	164, 280	82. 6	90. 1
California.....	137, 168	123, 311	90. 0	136, 804	98. 5	99. 7
Colorado.....	45, 578	32, 827	72. 0	43, 570	91. 5	95. 6
Connecticut.....	15, 615	14, 393	92. 2	22, 216	99. 9	142. 3
Delaware.....	7, 448	6, 092	81. 8	8, 922	96. 0	119. 8
Florida.....	56, 921	40, 292	70. 8	50, 886	83. 2	89. 4
Georgia.....	198, 191	149, 105	75. 2	216, 195	95. 7	109. 1
Idaho.....	40, 284	36, 901	91. 6	41, 051	98. 9	101. 9
Illinois.....	195, 268	168, 258	86. 4	198, 520	97. 2	101. 7
Indiana.....	166, 627	152, 528	91. 5	174, 034	98. 9	104. 4
Iowa.....	203, 159	183, 508	90. 3	199, 532	95. 5	98. 2
Kansas.....	131, 394	91, 747	69. 8	104, 724	74. 2	79. 7
Kentucky.....	218, 476	144, 796	66. 3	186, 065	78. 0	85. 2
Louisiana.....	124, 181	82, 932	66. 8	109, 822	84. 9	88. 4
Maine.....	30, 358	25, 990	85. 6	33, 103	78. 5	109. 0
Maryland.....	36, 107	30, 164	83. 5	40, 169	97. 2	111. 2
Massachusetts.....	22, 220	20, 256	91. 2	36, 156	97. 7	162. 7
Michigan.....	155, 589	146, 549	94. 2	173, 743	99. 1	111. 7
Minnesota.....	179, 101	148, 328	82. 8	165, 873	87. 8	92. 6
Mississippi.....	251, 383	140, 212	55. 8	152, 039	57. 7	60. 5
Missouri.....	230, 045	157, 930	68. 7	185, 431	76. 3	80. 6
Montana.....	35, 085	22, 915	65. 3	27, 076	71. 7	77. 2
Nebraska.....	107, 183	77, 354	72. 2	81, 639	73. 1	76. 2
Nevada.....	3, 110	1, 811	58. 2	2, 305	67. 2	74. 1
New Hampshire.....	13, 391	12, 675	94. 7	18, 152	96. 6	135. 6
New Jersey.....	24, 838	23, 174	93. 3	26, 079	99. 4	105. 0
New Mexico.....	23, 599	12, 997	55. 1	19, 435	65. 4	82. 4
New York.....	124, 977	116, 888	93. 5	143, 135	95. 7	114. 5
North Carolina.....	288, 508	218, 897	75. 9	254, 568	88. 6	88. 2
North Dakota.....	65, 401	35, 646	54. 5	32, 628	55. 6	49. 9
Ohio.....	199, 359	185, 297	92. 9	219, 743	99. 6	110. 2
Oklahoma.....	142, 246	91, 990	64. 7	111, 482	67. 7	78. 4
Oregon.....	59, 827	53, 425	89. 3	62, 809	99. 5	105. 0
Pennsylvania.....	146, 887	133, 467	90. 9	162, 549	94. 6	110. 7
Rhode Island.....	2, 598	2, 411	92. 8	3, 599	99. 9	138. 5
South Carolina.....	139, 364	94, 842	68. 1	127, 564	86. 3	84. 4
South Dakota.....	66, 452	37, 487	56. 4	41, 264	60. 1	62. 1
Tennessee.....	231, 631	165, 005	71. 2	193, 017	82. 3	83. 3
Texas.....	331, 567	258, 899	78. 1	334, 506	86. 9	100. 9
Utah.....	24, 176	21, 427	88. 6	21, 485	81. 6	88. 9
Vermont.....	19, 043	17, 463	91. 7	22, 824	86. 2	119. 9
Virginia.....	150, 997	113, 949	75. 5	157, 476	91. 0	104. 3
Washington.....	69, 820	64, 161	91. 9	78, 593	98. 4	112. 6
West Virginia.....	81, 434	58, 789	72. 2	77, 075	79. 0	94. 6
Wisconsin.....	168, 561	155, 545	92. 3	165, 815	93. 3	98. 4
Wyoming.....	12, 614	7, 937	62. 9	10, 176	77. 8	80. 7

¹ Based on total farms as shown in Jan. 1, 1945 census.² Based on total farms as shown in Apr. 1, 1950 census.

TABLE 8.—Number and percentage of farms electrified with central station service, by States, 1935, 1940, 1950-54

Area	Farms Jan. 1, 1935, number ¹	Farms receiving cen- tral station electric service, Dec. 31, 1934		Farms, Apr. 1, 1940, number ¹	Farms receiving cen- tral station electric service, Apr. 1, 1940		Farms, Apr. 1, 1950, number ¹	Farms receiving cen- tral station electric service, Apr. 1, 1950		Farms receiving cen- tral station electric service, June 30, 1954		Increase in electrified farms from Dec. 31, 1934, to June 30, 1954, number
		Number ²	Percent		Number ¹	Percent		Number ¹	Percent	Number ³	Percent	
United States.....	6, 812, 350	743, 954	10. 9	6, 096, 799	1, 853, 249	30. 4	5, 382, 134	4, 154, 359	77. 2	4, 965, 962	92. 3	4, 222, 008
Alabama.....	273, 455	11, 053	4. 0	231, 746	33, 907	14. 6	211, 512	144, 267	68. 2	185, 527	87. 7	174, 474
Arizona.....	18, 824	5, 577	29. 6	18, 468	5, 607	30. 4	10, 412	7, 535	72. 4	9, 652	92. 7	4, 075
Arkansas.....	253, 013	2, 943	1. 2	216, 674	21, 303	9. 8	182, 429	121, 587	66. 6	154, 485	84. 7	151, 542
California.....	150, 360	81, 093	53. 9	132, 658	107, 904	81. 3	137, 163	123, 311	90. 0	129, 908	94. 7	48, 815
Colorado.....	63, 644	7, 145	11. 2	51, 436	14, 823	28. 8	45, 578	32, 827	72. 0	42, 751	93. 8	35, 666
Connecticut.....	32, 157	10, 138	31. 5	21, 163	16, 995	80. 3	15, 615	14, 393	92. 2	15, 599	99. 9	5, 461
Delaware.....	10, 381	1, 791	17. 3	8, 094	3, 545	39. 4	7, 448	6, 092	81. 8	6, 974	93. 6	5, 183
Florida.....	72, 857	5, 700	7. 8	62, 248	15, 476	24. 9	56, 921	40, 292	70. 8	48, 555	85. 3	42, 855
Georgia.....	250, 544	6, 956	2. 8	216, 033	42, 409	19. 6	198, 191	149, 105	75. 2	183, 746	92. 7	176, 790
Idaho.....	45, 113	13, 433	29. 8	43, 663	25, 439	58. 3	40, 284	36, 901	91. 6	39, 356	97. 7	25, 923
Illinois.....	231, 312	28, 379	12. 3	213, 439	80, 027	37. 5	195, 268	168, 658	86. 4	187, 305	95. 9	158, 926
Indiana.....	200, 835	23, 476	11. 7	184, 549	91, 127	49. 4	166, 627	152, 528	91. 5	161, 665	97. 0	138, 189
Iowa.....	221, 986	32, 047	14. 4	213, 318	73, 308	34. 4	203, 159	183, 508	90. 3	197, 333	97. 1	165, 286
Kansas.....	174, 589	13, 224	7. 6	156, 327	27, 960	17. 9	131, 394	91, 747	69. 8	123, 299	93. 8	110, 075
Kentucky.....	278, 298	8, 480	3. 0	252, 894	38, 607	15. 3	218, 476	144, 796	66. 3	199, 625	91. 4	191, 145
Louisiana.....	170, 216	2, 826	1. 7	150, 007	10, 058	10. 7	124, 181	82, 932	66. 8	114, 917	92. 5	112, 091
Maine.....	41, 907	13, 959	33. 3	38, 980	20, 221	51. 9	30, 358	25, 990	85. 6	26, 651	87. 8	27, 612
Maryland.....	44, 501	6, 791	15. 3	42, 175	17, 170	40. 7	36, 107	30, 164	83. 5	34, 403	95. 3	5, 989
Massachusetts.....	35, 094	14, 494	41. 3	31, 807	26, 220	82. 2	22, 220	20, 256	91. 2	20, 483	92. 2	110, 076
Michigan.....	196, 517	42, 152	21. 4	187, 539	131, 126	69. 9	155, 589	146, 549	94. 2	152, 228	97. 8	158, 676
Minnesota.....	203, 302	13, 783	6. 8	197, 351	50, 075	25. 4	179, 101	148, 328	82. 8	172, 459	96. 3	184, 811
Mississippi.....	311, 683	2, 802	0. 9	291, 092	26, 078	9. 0	251, 383	140, 212	55. 8	187, 613	75. 6	194, 194
Missouri.....	278, 454	17, 893	6. 4	256, 100	39, 204	15. 3	230, 045	157, 930	68. 7	212, 087	92. 2	28, 027
Montana.....	50, 564	2, 768	5. 5	41, 823	7, 947	19. 0	35, 085	22, 915	65. 3	30, 795	87. 8	93, 754
Nebraska.....	133, 616	9, 544	7. 1	121, 062	22, 832	18. 9	107, 183	77, 354	72. 2	103, 298	96. 4	3, 649
Nevada.....	3, 695	946	25. 6	3, 573	1, 555	43. 5	3, 110	1, 811	58. 2	2, 126	68. 4	8, 944
New Hampshire.....	17, 695	9, 495	53. 7	16, 554	10, 845	65. 5	13, 391	12, 675	94. 7	13, 144	97. 1	16, 238
New Jersey.....	29, 375	15, 162	51. 6	25, 835	21, 298	82. 4	24, 838	23, 174	93. 3	24, 106	97. 1	60, 248
New Mexico.....	41, 369	1, 350	3. 3	34, 105	4, 479	13. 1	23, 599	12, 997	55. 1	17, 588	74. 5	270, 013
New York.....	177, 025	57, 825	32. 7	153, 238	102, 283	66. 7	124, 977	116, 888	93. 5	118, 073	94. 5	54, 775
North Carolina.....	300, 967	9, 672	3. 2	278, 276	67, 627	24. 3	288, 508	218, 897	75. 9	279, 685	96. 9	147, 500
North Dakota.....	84, 006	1, 968	2. 3	73, 962	3, 218	4. 4	65, 401	35, 646	54. 5	56, 743	86. 8	113, 500
Ohio.....	255, 146	48, 048	18. 8	233, 783	137, 680	58. 9	199, 359	185, 297	92. 9	195, 548	98. 1	119, 148
Oklahoma.....	213, 325	5, 648	2. 6	179, 687	20, 149	11. 2	142, 246	91, 990	64. 7	58, 863	83. 8	41, 024
Oregon.....	64, 826	17, 839	27. 5	61, 829	36, 369	58. 8	59, 827	53, 425	89. 3	58, 863	98. 4	

Pennsylvania.....	191, 284	45, 182	23. 6	169, 027	94, 081	55. 7	146, 887	133, 467	90. 9	138, 143	94. 0	92, 961
Rhode Island.....	4, 327	1, 975	45. 6	3, 014	2, 457	81. 5	2, 598	2, 411	92. 8	2, 441	94. 0	466
South Carolina.....	165, 504	3, 796	2. 3	137, 558	27, 568	20. 0	139, 364	94, 842	68. 1	122, 911	88. 2	119, 115
South Dakota.....	83, 303	2, 939	3. 5	72, 454	3, 981	5. 5	66, 452	37, 487	56. 4	61, 582	92. 7	58, 643
Tennessee.....	273, 783	9, 727	3. 6	247, 617	38, 884	15. 7	231, 631	165, 005	71. 2	220, 883	95. 4	211, 156
Texas.....	501, 017	11, 466	2. 3	418, 002	79, 127	18. 9	331, 567	258, 899	78. 1	292, 124	88. 1	280, 658
Utah.....	30, 095	16, 130	52. 5	25, 411	17, 411	68. 5	24, 176	21, 427	88. 6	23, 725	98. 1	7, 595
Vermont.....	27, 061	7, 945	29. 4	23, 885	12, 213	51. 8	19, 043	17, 463	91. 7	18, 186	95. 5	10, 241
Virginia.....	197, 632	14, 954	7. 6	174, 885	42, 144	24. 1	150, 997	113, 949	75. 5	146, 467	97. 0	131, 513
Washington.....	84, 381	40, 060	47. 5	81, 686	58, 283	71. 4	69, 820	64, 161	91. 9	69, 168	99. 1	29, 108
West Virginia.....	104, 747	3, 647	3. 5	99, 282	25, 199	25. 4	81, 434	58, 789	72. 2	71, 493	87. 8	67, 846
Wisconsin.....	199, 877	39, 206	19. 6	186, 735	87, 556	46. 9	168, 561	155, 545	92. 3	161, 725	95. 9	122, 519
Wyoming.....	17, 487	15, 018	3. 0	15, 018	3, 474	23. 1	12, 614	7, 937	62. 9	11, 376	90. 2	10, 849

1 U. S. Census of Agriculture, 1933, 1940, and 1950.

2 Edison Electric Institute.

3 REA estimate.

TABLE 9.—*Limitations on loans by States, from all funds available, 1952-56, under sec. 3 (c), (d), and (e) of Rural Electrification Act*

	Actual, 1952	Actual, 1953	Actual, 1954	Estimate, 1955	Estimate, 1956
Alabama.....	\$32,203,729	\$22,696,575	\$18,698,818	\$18,916,860	\$21,847,519
Arizona.....	27,189,263	19,586,569	13,284,132	13,764,843	15,938,044
Arkansas.....	30,775,116	22,264,785	18,812,942	19,316,971	22,306,744
California.....	27,754,774	20,129,153	14,567,570	15,092,419	17,460,019
Colorado.....	28,072,448	20,018,671	13,933,872	14,187,012	16,421,644
Connecticut.....	27,159,188	19,562,945	13,270,094	13,612,887	15,763,519
Delaware.....	27,151,440	19,546,415	13,214,673	13,706,430	15,870,769
Florida.....	28,214,768	20,410,307	15,004,012	15,318,312	17,719,369
Georgia.....	31,501,911	21,482,295	16,739,388	16,559,902	19,143,844
Idaho.....	27,269,191	19,629,297	13,345,205	13,799,156	15,977,044
Illinois.....	29,046,265	20,447,185	14,994,896	15,236,002	17,624,794
Indiana.....	27,905,149	19,755,839	13,312,572	14,623,070	16,921,819
Iowa.....	27,927,782	19,943,743	13,693,592	14,799,536	17,124,619
Kansas.....	29,112,735	20,685,691	14,829,180	15,262,962	17,655,994
Kentucky.....	32,818,217	22,302,133	18,251,073	17,459,794	20,176,369
Louisiana.....	29,714,847	20,918,583	15,467,617	15,501,721	17,929,969
Maine.....	27,472,987	19,798,799	13,774,172	14,366,746	16,628,344
Maryland.....	27,487,668	19,736,503	13,497,066	13,957,648	16,158,394
Massachusetts.....	27,243,602	19,630,855	13,427,060	13,964,388	16,166,194
Michigan.....	27,430,781	19,624,697	13,125,525	14,296,078	16,547,419
Minnesota.....	28,929,227	20,569,205	14,816,232	14,966,198	17,315,719
Mississippi.....	36,643,608	26,019,201	26,075,670	26,634,162	30,699,544
Missouri.....	31,567,362	22,102,923	17,339,176	17,277,405	19,966,744
Montana.....	27,992,928	20,067,167	14,070,602	14,485,819	16,764,844
Nebraska.....	28,452,411	20,149,189	14,163,032	14,403,101	16,670,269
Nevada.....	27,178,355	19,574,017	13,298,169	13,810,594	15,989,719
New Hampshire.....	27,128,501	19,516,243	13,153,600	13,660,067	15,817,144
New Jersey.....	27,188,652	19,568,637	13,236,550	13,759,125	15,931,219
New Mexico.....	28,005,162	20,105,605	14,293,564	14,837,321	17,167,519
New York.....	27,750,390	20,010,173	14,249,262	15,019,709	17,377,144
North Carolina.....	31,831,003	21,648,679	16,218,902	15,411,650	17,826,619
North Dakota.....	28,762,541	20,468,237	14,873,116	15,377,950	17,787,619
Ohio.....	28,274,816	20,111,531	14,047,814	14,387,987	16,652,719
Oklahoma.....	31,406,487	21,853,737	17,907,425	18,327,212	21,170,869
Oregon.....	27,556,994	19,757,633	13,289,784	13,806,509	15,985,819
Pennsylvania.....	28,152,376	20,187,785	14,704,117	15,395,515	17,808,094
Rhode Island.....	27,074,162	19,501,429	13,137,193	13,641,685	15,796,669
South Carolina.....	30,408,917	21,296,027	16,252,082	16,970,020	19,613,794
South Dakota.....	28,778,445	20,477,905	14,619,528	14,604,280	16,900,369
Tennessee.....	31,395,068	21,912,915	16,609,585	15,804,817	18,278,044
Texas.....	33,814,830	23,084,781	20,739,376	21,665,555	25,000,669
Utah.....	27,268,172	19,621,109	13,321,869	13,701,732	15,864,919
Vermont.....	27,187,224	19,585,711	13,330,620	13,784,655	15,960,469
Virginia.....	28,993,863	20,372,179	14,336,588	14,534,837	16,820,419
Washington.....	27,504,184	19,679,897	13,228,893	13,742,785	15,912,694
West Virginia.....	28,547,123	20,340,915	15,010,940	15,639,993	18,088,894
Wisconsin.....	28,069,084	20,089,701	14,368,492	15,005,821	17,361,544
Wyoming.....	27,360,334	19,637,405	13,345,752	13,862,471	16,049,194
All Territories.....	27,055,710	19,489,187	13,110,029	13,609,619	15,759,619
Total of State ceilings ¹	1,413,229,790	1,004,970,163	732,391,421	751,871,331	869,721,331
Total available for loans.....	358,057,095	244,891,865	221,100,290	221,096,190	255,096,190

¹ See table on following page:

TABLE 9.—*Limitations on loans by States, from all funds available, 1952-56, under sec. 3 (c), (d), and (e) of Rural Electrification Act—Continued*¹ Footnote table:

FUNDS AVAILABLE

	1952	1953	1954	1955	1956 request
Regular authorization.....	\$100,000,000	\$50,000,000	\$135,000,000	\$135,000,000	\$160,000,000
Reserve authorization used.....			38,000,000	35,000,000	35,000,000
Reserve authorization not used.....	75,000,000	50,000,000	7,000,000		
Total, new authorization.....	175,000,000	100,000,000	180,000,000	170,000,000	195,000,000
Carryover.....	182,724,175	117,298,364	29,919,203	46,996,190	^a 56,096,190
Rescissions.....	332,920	27,593,501	11,181,087	^a 4,100,000	^a 4,000,000
Total available from prior years.....	183,057,095	144,891,865	41,100,290	51,096,190	60,096,190
Total available.....	358,057,095	244,891,865	221,100,290	221,096,190	255,096,190

^a Estimated.

APPLICATION OF STATE LIMITATIONS

Allotted on basis of un-electrified farms (½ of new authorization).....	\$87,500,000	\$50,000,000	\$90,000,000	\$85,000,000	\$97,500,000
Unallotted. Not to exceed 10 percent to any 1 State (balance of availability).....	270,557,095	194,891,865	131,100,290	136,096,190	157,596,190

TOTAL OF STATE CEILINGS

Any State and all the Territories may receive 10 percent of the unallotted funds. For this reason, the total of State ceilings is considerably higher than the total funds actually available for loan, as follows:

	1952	1953	1954	1955	1956
10 percent of unallotted funds.....	\$27,055,710	\$19,489,187	\$13,110,029	\$13,609,619	\$15,759,619
Times 49.....	1,325,729,790	954,970,163	642,391,421	666,871,331	772,221,331
Allotted funds.....	87,500,000	50,000,000	90,000,000	85,000,000	97,500,000
Total of State ceilings.....	1,413,229,790	1,004,970,163	732,391,421	751,871,331	869,721,331

Mr. NELSEN. If there are any other questions, Mr. Chairman, we will be happy to answer them.

Senator HUMPHREY. There seems to be a considerable amount of information here, Mr. Nelsen. Why do you not run through these tables and give us an analysis of what you have analyzed.

Mr. PARTRIDGE. Tables 1 to 5 in this set of tables that you have show for the years 1950 through 1954 the number of percentage of unelectrified farms in each State, the percentage which the number of unelectrified farms in each State was of the total number of unelectrified farms in the United States, and the gross amount of electrification loans made each year in each State, and the percent of these amounts to the total loans for the year.

The tables show that there is very little relationship between the percentage of unelectrified farms and the loan needs as reflected by the loans which were made in each year.

In table 1, which contains the data for 1950, you will note that the first State, Alabama, 3.859 percent of the unelectrified farms at the beginning of the 1950 fiscal year, and received 1.58 percent of the gross loans in that year.

Arizona, with 0.170 percent of the unelectrified farms, received 1 percent of the loans.

Dropping down now to Missouri we find, on the other hand, that in that State there were 7.392 percent of the unelectrified farms; the loans made in that year came to 11.89 percent of the total loans. And so on through the entire list of the States we find that the unelectrified farms did not serve as a good indicator of the loan needs.

Going over to table 5 which contains the data for 1954, you will note the same is true there. That is, there seems to be no relationship between the percentage of unelectrified farms and the percent of the gross loans made.

Mississippi has been mentioned by Mr. Nelsen as one good example of that. You might also note Nebraska, where with 1.170 percent of the total unelectrified farms, we made loans which amounted to 8.50 percent of the total loans made in 1954.

Tables 6 and 7 demonstrate the inaccuracies that are inevitable in making the annual estimate of the number of unelectrified farms, which is the basis of the allocation of 50 percent of the new loan funds made available by Congress each year.

The data obtained from the various sources which Mr. Nelsen has mentioned are coordinated and published annually by REA.

Table 8 shows the results of the 1954 survey which was published on September 30, 1954. Since no count is made of the total farms by States, the latest census count is used. The census statistics are usually not available, even in preliminary form, until more than a year after the enumeration is made. For this reason census statistics for total farms more than 5 years old are sometimes used as the basis for determining the number and percentage of farms electrified in each State.

Table 7 shows the determination also of electrified farms made as of June 30, 1950, on October 2, 1950, when the survey table was published. The results of the April 1, 1950 census count were not yet available. Therefore, the January 1, 1945 census count was used as the base.

The resulting errors were so substantial that they literally speak for themselves; 900,000 more farms were determined to be elec-

trified as of June 30, 1950, than the census count subsequently published showed for April 1, 1950.

In 22 States more farms were estimated to be electrified on June 30, 1950, than the total farms counted in these States in the April 1, 1950, census.

In Massachusetts the number of farms estimated to be electrified exceeded the actual total number of farms by 62.7 percent. Of course, a large part of this error was due to the unpredictable and quite substantial decrease in the total number of farms in the Nation from 5,859,000 on January 1, 1945, to 5,382,000 on April 1, 1950. But the fact remains that a survey was made by REA between July 1 and October 2, 1950, of the number of unelectrified farms in each State as of June 30 of that year. That survey showed 5,053,000 farms electrified.

When during the following year the April 1, 1950, census count was published it appeared that the June 30, 1950, REA estimate, was not 900,000 farms off. This survey, of course, was the basis upon which 50 percent of the fiscal year 1951 electrification loan funds were allotted, pursuant to section 3 (c) of the act. This, I believe, was the only use made of the survey.

As it happened, the error had no serious consequence since the allocation of fiscal year 1951 loan funds, which used the June 30, 1950, survey as the base bore little percent of relationship to the number of unelectrified farms in each State, as we see in table No. 2.

Table 6 indicates that a similar error was made in the June 30, 1945, survey, which used the April 1, 1940, census count as a basis.

The January 1, 1945, census figures were unavailable, of course, at that time.

Since the total number of farms dropped comparatively slightly between 1940 and 1945, the errors were not as great as in the June 30, 1950, survey.

Table 6 is significant in that it shows that such errors are recurrent and unavoidable.

Table 9 in this set, the last table in the set, shows the maximum amount of electric loan funds available to each State actually during the period 1952 to 1954, and our estimates of the amounts to be available in 1955 and 1956. These are, of course, maximum amounts. Obviously, we cannot loan these maximum amounts in each State since their sum is much greater than the total amounts available in any year.

The footnotes to table 9, which are attached, show the source of the total funds available in each year and the application of the State limitations.

Senator HUMPHREY. May I ask a question here on table 9?

I notice that you have here the total of State ceilings which run in each year in 1952 and 1953, well over a billion dollars. And that in 1954 about \$732 million. Your estimates in 1955, \$751 million plus; 1956, \$869 million plus. Then your total available for loans is substantially smaller, running about one-third or between one-third and one-fourth.

Mr. PARTRIDGE. That is right. That is correct.

Senator HUMPHREY. What is the larger figure related to?

Mr. PARTRIDGE. The larger figure brings out, sir, the point which Mr. Nelsen made earlier and which I have also mentioned, that the

amounts which are available to each State are maximum amounts and not the amount which can actually be loaned, that is, we cannot loan the maximum amount in all States in 1 year.

Senator HUMPHREY. You do not have that much money?

Mr. PARTRIDGE. That is right, sir. That is exactly the point.

Senator HUMPHREY. Then what are you talking about?

Mr. PARTRIDGE. The point here is these figures do show for each State the maximum amount which can be loaned in that State—that 1 State—in any 1 year.

Senator HUMPHREY. On the basis of these calculated estimates as to nonelectrified farms, or the need?

Mr. PARTRIDGE. Under the State allotment formula, applying the unelectrified—

Senator HUMPHREY. Provided that the Congress authorized that much money?

Mr. PARTRIDGE. That is right, sir.

Senator HUMPHREY. I just want this record clear. These are the theoretical figures to meet all needs, provided that the Congress provided the money?

Mr. PARTRIDGE. That is correct, sir.

Senator HUMPHREY. On the basis of your surveys of the number of unelectrified farms, is that correct?

Mr. PARTRIDGE. And also with the 10 percent limitation in on the other 50 percent—right.

Senator HUMPHREY. So that on the one hand these are hypothetical figures provided that the Congress was going to in one fell swoop provide all of the funds?

Mr. PARTRIDGE. Well, they are not hypothetical in this sense. They are the figures in the case of the years 1952 through 1954 under which we have operated, that is, these have been the limitations in each State as to the amount of funds which could be loaned in that State in 1 year.

Senator HUMPHREY. Which could be loaned?

Mr. PARTRIDGE. Which could be loaned.

Senator HUMPHREY. On what basis could they be loaned?

Mr. PARTRIDGE. Taking into account the lending authorization made available by the Congress, the carryover of unused loan funds from the preceding year, and the rescissions of loans made in previous years which we did rescind during the current year.

Senator HUMPHREY. Where would you have gotten the money, sir? May I just say in searching inquiry for actual 1954, \$732,391,421.

Mr. PARTRIDGE. That is precisely the point that we are trying to make, sir, that is, that these are not amounts which can be loaned in all States combined, but for each individual State they do represent the maximum available to that State. These are submitted primarily as reference data, rather than to prove any particular point. I think points up the misunderstanding and the confusion which exists with respect to the State allotment formula.

Senator HUMPHREY. The word is "confusion"—I do not have a misunderstanding about these figures, but I must confess as one member of the committee, I am very confused. The \$732 million for 1954 is not an actual sum of money which is available and authorized by Congress, is it, for that year?

Mr. PARTRIDGE. No, sir; it is not. The total amount available is shown on the line directly below.

Senator HUMPHREY. \$221,100,290?

Mr. PARTRIDGE. That is correct.

Mr. STRONG. I think perhaps the confusion, Senator, can be cleared away a little bit if we go back to the content of the formula; the overall content of the formula. It provides in addition to this State percentage of unelectrified farms formula—it provides that the other half of the authorized funds set up by the Congress can be expended in any State to the extent of not more than 10 percent of that remaining half.

Senator HUMPHREY. That is correct.

Mr. STRONG. These figures then show what would be the total available to any one State including that 10 percent of it to the other half of the funds authorized by the Congress.

Senator HUMPHREY. In other words, you take the total amount that is allotted and you say that the most they could get in any one State over and beyond the formula is 10 percent for any one State, is that right?

Mr. STRONG. Ten percent of what is left.

Senator HUMPHREY. After the 50 percent is withdrawn?

Mr. STRONG. That is right.

Senator HUMPHREY. So you add up a maximum of 10 percent for the needs in any one State and this is your aggregate total plus the 50 percent?

Mr. STRONG. That is right. This merely shows us what is the maximum that could be loaned in any one State, taking into account both halves of this formula.

Senator HUMPHREY. I understand that.

Mr. STRONG. It has no relationship to the actual number of dollars available.

Senator HUMPHREY. All of which is to indicate the complications that you operate under with this formula.

Mr. STRONG. That is correct.

Mr. PARTRIDGE. That is correct.

Senator HUMPHREY. And the difficulty you would have explaining for example to a State that comes in and states, "Look, we are entitled to at least 10 percent." If every State came in and asked for their full allotment under their formula, the 50 percent set aside and the 10 percent maximum of the balance, you would have had to have in 1954, \$732 million?

Mr. PARTRIDGE. That is correct.

Senator HUMPHREY. That, of course, you do not have?

Mr. PARTRIDGE. That is right.

Senator HUMPHREY. I doubt if you are going to get it. We have nothing to say over that here, by the way.

Is there anything else, Mr. Partridge?

Mr. PARTRIDGE. That completes it.

Senator HUMPHREY. Would you like to inquire into this, Senator Scott?

Senator SCOTT. I would rather hear some of the viewpoints of some of these other folks who may be here that want to be heard this morning.

If you change this formula now to where you are going to make it possible to do a big job in one State, you can use up most of the funds there. I always want to see you, on the telephone program or on this program or on anything else, put that man out at the end of the road in as the first man. You have got to service him regardless of whether there is a transmission line or anything else involved. Get that man electricity—that is the purpose of it. Of course, I know that there is such a thing as getting down to the end of the road where it is not practical; but if this group up here has ambitions to do this other and you have a State setup that wants to do something else, they can mighty easily determine within themselves that it is not feasible to go down there and give that man service. I never want to see that happen.

I do not know how this formula is going to protect that man. I know how it has been operating in my State. I was on the first REA authority that we had in North Carolina and advocated the State setting it up even before we set up the national program. All of the time we found the disposition not to go over the hill and get service to this other man, because they wanted to do this bigger thing.

I do not think in a program that we ought to get to where we cannot still look at that man who is down at the end of the hollow, or up on the hill somewhere, to get him electricity if he wants it, and not rule him out, because we do not have funds enough. We have got to build this transmission line—we have to do this other. Therefore, we have to conserve our funds and we will get to you some day, if you live long enough, they say.

I never want to see that happen, be it on the telephone proposition or anything else. I would like to have that individual serviced: I know that we will not do it—I know how human nature works—but I want that individual down there and his family to be supreme in this program. That is going contrary to a lot of thinking. I know that we get ambitious up here, and on the State level, too, and in REA co-ops for telephones and electricity until we forget that man out there. He is a little fellow who does not know how to plead his case. I want that man to have some protection somewhere.

You can formulate a man out of the picture. I have seen that done—like we are being conferred out of some of our programs up here. The more conferences the more you get conferred out of. I just do not want to see that happen.

Senator HUMPHREY. I want to say that those are words of wisdom. I think you have expressed the philosophy of those who are deeply interested here in the Congress in the objective and the service qualities of REA. I think Mr. Nelsen ought to make some rejoinder to this, some statement as to what your objective is here, and what criteria and standards are you establishing, in case this formula is removed, to take care of the very type of situation that Senator Scott brings to your attention.

Mr. NELSEN. I believe that the removal of the formula would improve the possibilities of doing exactly what the Senator indicates he wants to do, and what I think we should do.

We want to be able to meet all of the legitimate loan needs of the REA borrowers, whatever and wherever these may be. The State allotment formula makes it difficult to accomplish this without unnecessary red tape and procedural involvement.

A good example of the things we are faced with is this: In the States that are heavily electrified there may be 99 percent completed. The future needs in that State, in spite of the fact that it is nearly completed, as far as reaching the customers are concerned, their future needs are going to be greater than in some of the States with less extensive economic resources. So that the tendency would be, if you are restricted, to go after the payload and forget the little fellow at the end of the road. If we have a little bit more latitude we can reach out and reach those unserved people.

I think it has been the philosophy of REA always to serve all of the farm people. That is the purpose of the program. It has also been one that we have encouraged to the borrowers to go out and reach the unserved and to dig down in their pockets, and to take a little of their cream to help the fellow who is out there in the short grass, if we want to put it that way.

Our policy on generation and transmission loans is that we will make loans for those purposes where a supply of power is lacking or inadequate. These loans must be the means of lower cost power to the farmer and they must, of course, be economically sound. This is the historic REA policy on generation and transmission, and we think it is sound. We believe our first concern must be getting electric service to the farmer and seeing to it that the service he gets is dependable and reasonable in cost. We are giving careful attention in seeking the best solution to problems such as disturb Senator Scott. In each case where generation and transmission is involved we try to guard against additional borrowers getting into the same position some now find themselves in, with excessive capital or operating costs which leave them no margins to use in reaching into their thinner areas. We think we should use loan funds always with the objective of making electricity available to the maximum number of farms and at the lowest feasible cost to the farmer.

I think the Senator's point is well taken and certainly we endorse it.

Senator SCOTT. I would like to make this observation for the REA group in general. I had occasion last year to put electricity into two families, also in the poultry house, and so forth. It was in REA territory, but it was also right in what we call a "no-man's land" that belonged to a private utility.

They said:

Well, now, our post to this particular farm would cost us a little bit more than it would cost our so-called competitor. We are going to come in there, if you say so, but we think that the private utility can best serve this particular farm and the farms that are adjacent to it, that will definitely be in the territory of the private utility.

I just put the proposition up to the private utility. And they said that they would serve it. So that settled it. It shows that they were on the alert to give that program to this particular farm, even though it might cost them more to do it. I would like to see that attitude.

In other words, they have determined to see that this farm had service which it never had had before. They did a good job there. The private utility is serving them, the same one that serves the home where I live.

Of course, I think perhaps because I had been a little free to express my opinions about how they had and had not worked in the past that had a little something to do with the service that I got.

Senator HUMPHREY. I imagine that might be the case.

Senator SCOTT. I think it did, because I was on the first REA Board. I made the first talk that was ever made publicly in North Carolina on the need for REA programs. That was in 1931. And that is an interesting story.

We are very much concerned about this whole program. In other words, if the private companies will not do it, the REA will do it. That is, if they do not get their formula so that they are getting high and mighty, too, and forget that little fellow. If so, then what will he do?

I just do not want you to formulate us out of the picture down there on the farm level, be it ever so humble a farm outfit. I will not go into my theories on that, except to say that this water that generates electricity belongs to all of us.

Senator HUMPHREY. Had you completed your statement?

Mr. PARTRIDGE. Yes.

Senator HUMPHREY. All of you gentlemen?

Mr. NELSEN. Yes.

Senator HUMPHREY. Thank you very much, gentlemen.

Mr. NELSEN. Yes.

Senator HUMPHREY. I would like now to call Mr. Ellis before us, to give us the benefit of his views of the amendment to the Rural Electrification Act.

We are very happy to have you before the subcommittee. We look forward to your views on S. 153.

Would you identify your associates with you, too, for the record?

STATEMENT OF CLYDE T. ELLIS, GENERAL MANAGER, NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Mr. ELLIS. Mr. Chairman, sitting here with me is Richard Dell, who has been with our organization about a week, but who was for some 18 years with REA, serving in various capacities, including that of Chief of the Applications and Loans Division.

Senator HUMPHREY. I am familiar with Mr. Dell. I should say that we know of his good work.

Mr. DELL. Thank you, sir.

Mr. ELLIS. The National Rural Electric Cooperative Association is the service organization of the systems. About 92 percent of the more than 900 nonprofit rural electric systems are voluntarily dues-paying members of this organization.

We are presenting this statement in support of the formula change. For the record—and this is not a part of my prepared statement—I would like to offer you a copy of a resolution which was adopted unanimously at our recent national meeting in Atlantic City, and a copy of a resolution which was passed year before last at our national meeting in San Francisco, and copies of resolutions which were passed at all 10 of our 10 regional meetings, all in support of the elimination of the formula in the REA Act.

Senator HUMPHREY. I shall ask that they be embodied and incorporated in the record at this point.

(The resolutions are as follows:)

RESOLUTIONS PASSED AT NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
REGIONAL MEETINGS IN 1952 REGARDING THE LOAN FUND DISTRIBUTION
FORMULA IN THE REA ACT

Region I, Bedford, Pa., September 22 and 23, 1952:

Whereas the loan fund distribution formula in the original REA Act is no longer needed to secure equitable distribution of funds, but on the contrary either requires appropriation of more loan funds than are needed, or hampers development of the program by making certain types of loans impossible: Now, therefore, be it

Resolved, That the Congress should alter or abolish the formula to the end that loan fund regulations may be more flexible and thereby better meet the needs of the cooperatives.

Region II, Miami Beach, Fla., October 27 and 28, 1952:

Be it resolved, That the Congress repeal the formula for the allocation of funds as set forth in the original Rural Electrification Act in order that the funds may be utilized to meet the need where and as the same exists at the present time.

Region III, Lexington, Ky., October 20 and 21, 1952:

Whereas the REA program has outgrown the formula now used in the allocation of appropriations among the various States and such formula brings about various hardships to States desiring to institute worthy projects; and

Whereas REA will soon exhaust its rural telephone loan funds and will be unable to carry on the rural telephone program through the remaining part of the fiscal year without additional appropriations; and

Whereas the action of Congress in cutting REA administrative funds is tending to hamper the progress of certain REA projects, especially the rural telephone program: Now, therefore, be it

Resolved, That the delegates to this region III convention convened in Lexington, Ky., October 20 and 21, 1952, do hereby urge the Members of Congress to do the following:

(a) Adopt a new, appropriate, and workable electric loan fund formula for the allocation of funds among the States;

(b) Make an immediate supplemental telephone loan appropriation of \$60 million; and

(c) Make available to REA funds adequate for its administrative uses.

Region IV, French Lick, Ind., September 25-27, 1952:

Whereas Congress has undertaken to develop a vast national program of making self-liquidating loans to the rural electric systems of the country and to rural telephone systems;

And whereas the job is by no means completed electrically and only begun in the area of rural telephones;

Now, therefore, be it resolved that we urge Congress to:

First—Abolish the old and outgrown electric-loan formula which now hampers REA in its job and serves to prevent the completion of the job Congress undertook to do for the rural people of this Nation.

Second—To ask Congress to make an immediate supplemental authorization of \$60 million for telephone loans.

Third—To make available adequate REA administrative funds to properly carry out the handling of both electric and telephone loans.

Region V, Madison, Wis., September 11-12, 1952

Whereas the Congress of the United States must authorize loans funds and appropriate administrative funds for the administration of the rural electrification program;

Now, therefore, be it resolved that Congress be requested to appropriate additional funds to the Administrator of the Rural Electrification Administration for the purpose of administering the Rural Electrification Act, because of the adding of the telephone loan program to the electrification loan program; and

Be it resolved that Congress be requested to abolish the formula in the REA Act for allocation of loan funds among the States because the formula is no longer applicable to the problems of the program; and

Be it resolved that Congress be requested to authorize an additional \$60 million in loan funds for telephone loans for the current fiscal year, and adequate funds for the coming fiscal year, in order that adequate telephone service may be made available to the rural areas of the United States.

Region VI, Fargo, N. Dak., October 9-10, 1952:

We urge Congress to abolish the old and outgrown electric loan formula which now hampers the REA program.

Region VII, Lincoln, Nebr., September 15-16, 1952:

Whereas the Congress of the United States must authorize loan funds and appropriate administrative funds for the administration of the rural electrification program;

Now therefore be it resolved that Congress be requested to appropriate additional funds to the Administrator of the Rural Electrification Administration for the purpose of administering the Rural Electrification Act, these additional funds being necessary because of the increased activity of the telephone loan program;

And be it resolved that Congress be requested to abolish the formula in the REA Act, because the formula is no longer applicable to the problems of the program; and

Be it further resolved that Congress be requested to authorize additional loan funds for telephone loans for the current fiscal year, and adequate funds for the coming fiscal year, in order that adequate telephone service may be made available to the rural areas of the United States.

Region VIII, Little Rock, Ark., October 31-November 1, 1952:

Whereas the loan fund formula in the basic REA Act in conjunction with smaller appropriations is precluding the making of meritorious loans,

Now therefore be it resolved that the Congress study this problem and provide some solution, possibly considering a special contingency fund to which the formula does not apply to take care of acceptable loans which cannot otherwise be made.

Region IX, Salt Lake City, Utah, October 6-7, 1952

Be it resolved that we urge Congress to:

(1) Abolish the old and outgrown electric loan formula which now hampers the REA program;

(2) Make an immediate supplemental telephone loan appropriation of \$60 million; and

(3) Make available adequate administrative funds for REA.

Region X, Phoenix, Ariz., October 2-3, 1952

Whereas the existing loan formula allocating appropriations of Congress for loans to rural electric cooperatives has become outmoded and obsolete and in fact works hardships on the allocation of funds to certain areas and States where such funds are critically needed to fulfill the rural electrification program: Now therefore be it

Resolved, That the NRECA be requested to explore the possibilities of a more equitable method of distribution of congressional appropriations and make such recommendations to Congress to abolish or amend the formula as are necessary to resolve these inequities.

NRECA ANNUAL MEETING 1955, ATLANTIC CITY, N. J.

Whereas, the Rural Electrification Act of 1936 provides restrictions on the making of loans under allocation formulas which have outlived their usefulness and now create serious obstacles to the proper functioning of the rural electrification program;

Now, therefore, be it resolved, that we urge the Congress to amend the Rural Electrification Act by deleting therefrom all provisions containing or referring to formula restrictions on the making of loans by REA.

RESOLUTION PASSED AT NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION ANNUAL MEETING, SAN FRANCISCO, CALIF., JANUARY 26-29, 1953

ALLOCATION FORMULA

Whereas the formula in the existing act governing the allocation of REA loan funds has ceased to serve either an essential or useful purpose but has become, instead, an impediment to the simple and economical administration of this program;

Now, therefore, be it resolved that we urge the Congress to delete the allocation formula from the act and stipulate that the allocation of loan funds be left to the discretion of the administrator of REA.

Mr. ELLIS. I should like to attempt to brief for you the reasons why we think the formula ought to be eliminated from the law. We certainly agree with the REA Administrator that it was good in the beginning, served its purpose, but that now, since it does not fit the facts, it is outmoded, useless, and an obstruction and forces all of us to do things which we do not like to do in order to circumvent the formula.

1. The fact is that the number of unelectrified farms in any State or in all of the States is no longer indicative of the need for loan funds in a particular State or in all of the States. Actually the greatest need may exist in States where there are practically no unelectrified farms as we have to heavy up our systems each year, and as we need in some States generating capacity added or transmission capacity added.

As you know, the farm uses of electricity are doubling about every 4 to 5 years. That means we will have to continue to build larger lines, larger transformers, larger generating equipment where we need it.

2. Our largest single need for loan funds with regard to given States where we need generating capacity is for generation and transmission. Therefore, the need for loan funds tends to peak in those particular States in a given year.

The situation is changing constantly. For instance, as relatively less loan funds are needed for the overall rural electrification program, new funds from the Congress each year, at the same time our needs for generating capacity where we need it at all are growing, so that when we need a new generating plant our use has become so large that the plant must be so large that it takes a huge chunk out of the total congressional loan authorization for a particular year.

3. Because of the formula in the law both REA and the rural electric systems are required to come before the Congress every year and ask for more funds than we actually need, those extra funds, the excess funds, being required only to get around the formula.

4. A check of the loan funds over the years indicates that the need for funds tends to run in cycles among the States. For instance, we have set out a little table in our statement which applies only to Nebraska which shows fluctuations in loans approved for Nebraska, with the extreme of \$16 million in 1950 on the one side, and \$1 million in 1955, on the other side. But in between are such figures as \$2 million for 1952 and \$11 million for 1953, indicating again that the need does not follow the ratio of unelectrified farms in a given State.

5. The REA Administrator is required to allocate funds under the formula each year to States where loans have never been made and probably will never be made, particularly Massachusetts, Connecticut, and Rhode Island. Yet he has to set aside funds under the formula for those States.

6. In the Southern States where farm use of electricity has lagged behind the national average there may be actually greater need for eliminating this formula than in the other States, because it would appear that as the southern agriculture becomes diversified, as dairying increases, for example, there will be greater need for funds

in those States, possibly greater than in other States. And in view of some of the questions which you asked earlier of Mr. Nelsen and other witnesses of REA, I might point out still a seventh reason which is not contained within our prepared statement.

7. The commercial power companies have waged quite a campaign over the past 3 or 4 years to convince the people that America's farms are now electrified. Their obvious purpose is to convince the people that the REA program is no longer needed, or that certain phases are no longer needed, just because most of the farmers have electricity.

About 3 years ago the commercial power companies put on a big show to emphasize the fact that rural America is now electrified. Their original plans called for installing a barn on Manhattan Island and staging a big celebration there to show the American people that the job of rural electrification is completed.

It is not complete. It will not be in our lifetime, in my opinion, any more than the job of electrifying the nonrural areas of America is completed. As long as the country grows, and as long as electricity is used in greater abundance the job will not be completed.

To conclude this thought, the greater the difficulty in obtaining adequate loan funds for the REA program, the greater the need for eliminating the formula so that all available loan funds may be used as needed.

THE UNELECTRIFIED FARMS SURVEY

We do not want the unelectrified farm survey by REA eliminated. We want the pending bills, or any new bills that might be submitted, to provide that the survey will continue. You heard Mr. Partridge say this morning that the cost of just conducting this survey is only around \$3,000 a year. Well, how is the Congress going to know—how are we going to know—how are the American people to know what the number of unelectrified farms in the country is or the approximate number, unless this survey is continued.

We admit that REA cannot come up with an exact figure as the number of unelectrified farms each year but their estimate would be far better than our guess, and far better than any the Congress could possibly make.

It was pointed out here this morning by REA officials that REA's estimates in the past have been in error. We agree with that, but we think that their estimates ought to get better with experience. And since it requires very little effort and very little cost to conduct the survey the way they do it by simply calling upon all known sources to estimate for them what the number of unelectrified farms is in their areas are, and by projecting the census figures, and by endeavoring to make the two conform—that may not be a proper statement of it, but it runs something like that—I just do not see why it should not be continued. The pending bill would eliminate the survey.

Senator HUMPHREY. The point that came to my mind when I listened to the apparent discrepancies as related to the number of estimated electrified farms and the estimated unelectrified farms, and then the census report as to the total number of farms, is the very obvious fact that the statistical evidence about American agriculture is behind the times. I have been raising a point about this and have a resolution in the Congress relating to it. The Council of Economic

Advisers, for example, under the Employment Act of 1946 is required to keep abreast of certain economic factors in the American economy. Strange to say, the agricultural part of that is very limited.

The directive under that act as it relates to agriculture is really in generalities. And yet when it comes to manufacturing and services and industry it is very specific.

I think that all of the testimony revealed to me this morning the glaring need for more up-to-date, year-by-year statistical evidence, not only on the number of farms but the trend in American agriculture, consolidation of land units, agricultural income, because of the variety and the pattern of agriculture changing all of the time.

We do not have the actual up-to-date statistical evidence that we need from an official point of view. We have it from trade associations. I mean, insofar as Government figures are concerned as to what is happening in the diversification field. Rather than to eliminate, it seems to me a survey which gives you a pretty good image of what you are dealing with, we ought to reglaze the mirror. It reminds me of an old mirror my mother had hanging upstairs. All of that silver on the back had started to chip off. What you saw was somewhat distorted when you looked into it. Maybe it was not too good anyway, but it looked worse after you looked in the mirror.

I think that is what you are seeing here in agricultural statistics, that you just do not have all of the up-to-date statistical evidence that you need. I think that point needs to be looked into very carefully.

I hope that before we get through this year in the Congress that we will be doing something about giving to this committee and to the agencies and the units, such as your own or the associations, better statistical evidence as to what is going on in agriculture.

We legislate on price supports. We legislate on farm credits. We legislate on farm research, agricultural research and extension work—every conceivable aspect of agricultural life. We are doing it with far too little statistical material at our hand and our measuring tools for the economic development in agriculture are outmoded and somewhat inadequate.

I thought I would like to present my view on this for the record, because I think that this relates to your problem. You feel that experience will improve this. I do, too; it should. I mean, experience in estimating. But again, I feel that the Department and the Government itself has an obligation to have more precise statistical evidence and not to rely on census reports 5 years old. We do not have that in the Department of Commerce. We have business censuses that are taken periodically on industries and manufacturing.

Mr. ELLIS. Thank you, Senator. Even at best, the census figures are not too good because they are always late. By the time we get them they are out of date. We all know that the census figures are not complete, either. The census never reaches clear back into the sticks and gets all of the facts.

Another thing that is important in this picture is that the census count of unelectrified farms would still not tell the whole rural area story, because the rural electric systems must serve whoever is in the area, not just the farmer. The word "farmer" is not mentioned in the REA act, I believe. It provides for service in the rural areas—all service.

I am not suggesting that the REA survey would cure all of these defects. I think we must have all of the information that we can have.

There is one other point that I would like to mention. Our people are practically-unanimous, we believe, in support of the elimination of the formula in the law. There are a few of our people, however, particularly in Mississippi, who have apprehensions about its elimination, who feel that maybe their position would not be protected as well. I think it is fair to mention that here.

Senator HUMPHREY. That is what Senator Scott, I think, was referring to earlier, was it not?

Mr. ELLIS. I think so. It was the same thought. I think if the formula is to be eliminated, that is all the more reason why the unelectrified farm survey should stay in, because then they would always know the facts and would be able to present their case of need for funds better if they had the figures on the unelectrified farms than if they did not have them.

Mr. Chairman, that is it.

Senator HUMPHREY. You make a recommendation here, do you not, that the survey can be retained by keeping in the act the meaning of the last sentence which reads:

The Administrator shall, within 90 days after the beginning of each fiscal year—

in other words, you are asking that that be maintained in our amendment?

Mr. ELLIS. Yes. We would leave the language just as it is, except for three words toward the end. You see toward the end it says:

determine for each State and for the United States the number of farms not then receiving such service.

Of course "such" refers back to the formula. It is necessary we think to eliminate the word "such" and simply insert in lieu thereof the words "central station electric" which is parallel with language used earlier in the act.

Senator HUMPHREY. If we were to amend a bill such as S. 153 that would have to be a further proviso in the bill, would it not?

Mr. ELLIS. Yes. You could reinsert this sentence as suggested here, or something similar, or you can provide that the last sentence of subsection (c) of section 3 be eliminated except for the last sentence thereof, and that the last sentence be amended by striking the word "such" and inserting the words "central station electric."

Senator HUMPHREY. I understand. Are there any questions, Senator Scott?

Senator SCOTT. No.

Senator HUMPHREY. Mr. Dell, do you have anything to add?

Mr. DELL. I do not believe I do.

Senator HUMPHREY. You make your position very clear. We are very grateful to you. We will make your prepared statement a part of the record at this point.

STATEMENT FILED BY CLYDE T. ELLIS, GENERAL MANAGER, NATIONAL RURAL
ELECTRIC COOPERATIVE ASSOCIATION

Mr. Chairman, my name is Clyde T. Ellis. I am general manager of the National Rural Electric Cooperative Association, the national service organization of the rural electric systems of the United States, including Alaska. About 92 percent of the more than 900 nonprofit rural electric systems are voluntary dues paying members of this organization.

We are presenting this statement in support of proposed legislation to eliminate the formula that REA is required to follow in making electric loans. Under the formula, REA must set aside one-half of the funds available for use in each of the States in proportion to the unelectrified farms in each State as a percentage of the total in the Nation. Under the second part of the formula, the Administrator may make loans from the other half of available funds at his discretion, except that not more than 10 percent can be loaned in any one State during the fiscal year. The formula worked well throughout the early years, but in our opinion, its usefulness has ended. As a matter of fact, as States become more nearly 100 percent electrified, the formula imposes a roadblock to the lending of funds which are particularly needed for system improvements, generation and transmission co-ops (G. & T.'s), and other purposes, to keep the electric service at a high standard.

The rural electric systems have gone on record requesting the change that we are supporting here today. All NRECA regional meetings are on record in favor of the elimination of the formula. Such resolutions were adopted in the fall of 1952 and at the NRECA annual meetings in 1953 in San Francisco and in 1955 in Alantie City.

There are a great many reasons why the formula should be removed from the act. I would like to enumerate a few of them.

(1) The number of unelectrified farms in a State is no longer indicative of the need for loan funds because, in many cases, the greatest need exists for funds to heavy up existing lines and for other system improvements. Also, the need is great for generation and transmission capacity in many power-short States. These needs generally occur in States which have a high percentage of electrified farms.

(2) The largest single need for loan funds is for generation and transmission systems. The REA G.-T. systems have an average investment of about \$10 million each. When the need for additional generating and transmission facilities occurs, there may not be sufficient funds available under the State allotment formula to make these loans and meet other needs for funds within the State. Also, as loads grow, there is a continuing need for amounts of additional power which may exhaust the funds available under the State allotment formula in a particular year.

(3) Because of the State allotment formula, it has sometimes been necessary for REA to request more funds than are actually needed, which results in heavy carryovers into the next fiscal year.

(4) The loan needs of the rural electric systems in some States run in 3- to 4-year cycles, so that in 1 year, the loan needs may be very low while in the succeeding year, they may be very high. In one of these high years, a State may require more funds than can be made available under the restrieted formulae in the Rural Electrification Act. The following table, using Nebraska as an example, will illustrate the point:

	Loans approved	Loan funds advanced
Fiscal year:		
1950.....	\$16,023,000	\$16,147,000
1951.....	5,796,000	11,270,000
1952.....	2,185,000	11,520,000
1953.....	11,979,000	5,383,000
1954.....	13,671,000	12,871,000
1955.....	1,000,000	-----

The figures in the above table are official REA figures.

The State allotment formula does not permit the REA Administrator the flexibility needed in meeting these cycles.

(5) Under the State allotment formula, REA must allocate funds to States where no loans have ever been made and it is not contemplated that they will be made. Such States are Massachusetts, Connecticut, and Rhode Island.

(6) In many of the Southern States, the cooperatives have high density and, on the whole, lower rates than other areas of the country, while the kilowatt-hour usage at the present time is lower than other areas. As the type of agriculture changes, as it is doing in Georgia, the usage should increase, and also the need for system-improvement funds will increase. As a result of the need for system-improvement funds, some Southern States could exceed the amount of money available to them under the State allotment formula.

At the present time, there are at least two States where funds are needed in such amounts that the loans cannot be made this year under the formula. These States are Colorado where \$31.75 million is needed this year for all purposes. The maximum amount available for Colorado is \$14.2 million. The other is Illinois where \$29 million¹ is needed while only \$15.2 million can be loaned under the allotment formula.

There are a number of other States where, in the near future, the loan needs are likely to exceed the funds available under the formula. For example, every time the Dairyland Power Cooperative needs an additional 50,000-kilowatt unit, it requires a loan of approximately \$10 million. At the same time the money is loaned for this additional generating capacity, it is also necessary for the distribution members of Dairyland to heavy up their systems in order to take the additional power. It is very likely that new needs by Dairyland will result in Wisconsin's request for funds exceeding the amount available. Once Bureau of Reclamation power has been allocated in the Dakotas and there is need for additional generating capacity, it is likely that the need for new funds in these two States will exceed the amount available under the formula. In Missouri, the need for loan funds may increase considerably if the G. and T.'s are unable to integrate their systems with the power companies. Loan needs are already very high in this State.

New Mexico is in a power-shortage area, and as additional generating and transmission capacity is added, this could result in a situation where the demands will exceed the amount of funds available.

There are other examples which could be cited here. Generally speaking, the most troublesome spots will be those States where REA loans have been approved in excess of \$100 million. There are nine States in this category. They are Iowa, Kentucky, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, Texas, and Wisconsin.

Mr. Chairman, while we support this proposed legislation wholeheartedly to remove the formula restrictions from the Rural Electrification Act, we would like to see the pending bills amended, or any new bills so written as to retain the survey of unelectrified farms which the Administrator is required to have made at the beginning of each fiscal year. We believe that this is important and useful information and cannot be reliably obtained from any other source. Census figures are not available soon enough to be of much help. We do not believe that it is safe to rely on inadequate private sources for this kind of information. The survey gives an accurate and quick picture of the current situation as far as electrified farms are concerned in each State. We believe that it will serve as a ready reference to Members of Congress in following the progress being made in electrifying rural areas. It will also furnish the REA systems with a picture of the situation and show where extra effort is needed to complete the job. Our members want the formula eliminated, but they also want the survey continued.

The survey can be retained by keeping in the act the meaning of the last sentence of section 3, subsection (c) which reads: "The Administrator shall, within ninety days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving such service." For clarification, the sentence should read: "The Administrator shall, within ninety days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving central station electric service."

In conclusion, we wish to thank you, Mr. Chairman, and your committee for giving us this opportunity to be heard on this subject.

¹ It is our understanding that a generating and transmission application in an amount between \$20 million and \$25 million is in the final stages of preparation and will be submitted in the very near future.

Mr. ELLIS. Thank you.

Senator HUMPHREY. The next witness is Mr. John C. Lynn.

Mr. Lynn is the legislative director of the American Farm Bureau Federation.

**STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR,
AMERICAN FARM BUREAU FEDERATION**

Mr. LYNN. Mr. Chairman and gentlemen, in order to save time, I would like to file our statement for the record.

Senator HUMPHREY. That will be done here. It will be incorporated in the record at this point.

**STATEMENT FILED BY JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM
BUREAU FEDERATION**

At the most recent annual meeting of the American Farm Bureau Federation the voting delegates of the member State farm bureaus recommended that the formula for allocating REA funds be modernized.

The formula in the present law served a desirable purpose at the time the REA Act was approved. Since a very large percentage of the farms of the United States were not electrified there was need for the use of a formula to insure that all areas of the United States were given comparable consideration.

At the present time, however, about 93 percent of the farms in the United States have electric service. Since the primary need is no longer for developing new distribution systems in areas not served, but rather to "heavy up" existing systems, the old method of allocating funds on the basis of the number of farms not provided with electric service is no longer a correct measure of need.

In order to provide funds to meet loan requirements in all areas the Congress has found it desirable to appropriate relatively large amounts for contingency funds. The only purpose of these funds was to get around the obsolete formula of the basic legislation. The appropriation of money for these contingency funds distorted the budgetary situation and created quite erroneous impressions as to the actual amount of money provided for REA loans. The elimination of the old formula would contribute to realistic budgetary practice.

We understand that, as a matter of fact it has been the practice of the REA administrators, and we are sure this has been in accordance with the intent of the Congress, that by one means or another all economic and feasible applications for loans by rural electrification cooperatives would be approved. This being the case it appears clear that no real purpose is accomplished by the retention of the present formula.

For these reasons we respectfully recommend the enactment of S. 153.

The present language of S. 153 involves one perhaps unintended change, in that it would strike from section 3 (c) of the act the provision that the Administrator shall make an annual survey of the number of farms in each State not receiving electric service. We would recommend that this provision be retained. It would seem to us that it is desirable for the Congress and the public to have current data with respect to the extent to which electrification has been accomplished in each State, as the basis for intelligent understanding of the situation. Since the Census Bureau makes estimates of the number of farms electrified at 5-year intervals, it would appear to be a simple and inexpensive statistical operation to project these figures each year.

The opportunity of presenting the viewpoints of the American Farm Bureau Federation on this matter is appreciated.

Mr. LYNN. I have just one comment. We are for the bill, S. 153, but we would like to see the annual survey continued. We believe it serves a worthwhile purpose. The cost is very little. We hope that the bill will be amended to retain the annual survey.

Senator HUMPHREY. May I ask, did the language which was suggested here seem to meet with your specification, your idea what should be retained?

Mr. LYNN. Yes, sir; that is right.

Senator HUMPHREY. Very fine.

We will record for the record your support of S. 153, as amended, or as you suggest the amendment.

Senator Scott, do you have any questions?

Senator SCOTT. No questions.

Senator HUMPHREY. If I am not mistaken, this represents what we have in the way of witnesses to testify; is that correct? We will keep the record open for a day or two, or for a period of time—I will set no time limit particularly—for statements that may want to come in from any group or any supplementation thereof.

At this point we will place in the record a letter from Jerry Voorhis, executive director of the Cooperative League of the United States.

STATEMENT FILED BY WALLACE J. CAMPBELL, DIRECTOR, WASHINGTON OFFICE,
COOPERATIVE LEAGUE OF THE U. S. A.

The cooperative league, because of its long and sustained interest in the rural electrification program and because the great majority of its 2 million member families are farmers, is happy to have the opportunity to present its views on the proposal to eliminate the formulas in the Rural Electrification Act.

When the original legislation was written creating the Rural Electrification Administration, the formulas to assure an equitable distribution of funds were valid. The rural electrification program has evolved greatly since that time. Today the formulas have lost their original values and actually constitute a barrier to more adequate development of the program.

In many States the formula makes it impossible to finance generation and transmission development when there is also a continued need in that State or area for further development or "heavying up" of the distribution systems. Today it would require a very substantial supplemental appropriation to carry forward this generation and transmission program if the formula is kept on the books.

The Rural Electrification Administration, as the law is now written, must set aside funds for States which have practically no programs, such as Rhode Island, Connecticut, and Massachusetts.

The needs in any given State may well follow cycles rather than coming in a constant pattern. The reasons for this should be obvious and have long been apparent to both the Rural Electrification Administration and to the electric cooperatives themselves.

There was a legitimate fear in the early stages of the REA program that some States would not secure their adequate or reasonable proportion of the available funds. It is our sincere belief that removal of the formulas would not constitute a hardship in any given State, since there should be adequate funds to meet legitimate needs in all areas.

While the cooperative league is wholeheartedly in favor of eliminating the formulas, we believe that the Rural Electrification Administration should continue its unelectrified farm survey. This information is essential at all points in the operation of the program and is not contingent solely on continuation of the formulas. Today the only other source of information about unelectrified farms is in the census. Such information is usually a year or 2 years out of date before it is finally compiled. Effective and intelligent administration of the program calls for up-to-date continuing sources of information which should not be dependent upon outside sources which are so late as to destroy their usefulness.

Senator HUMPHREY. That will be all on this, then.

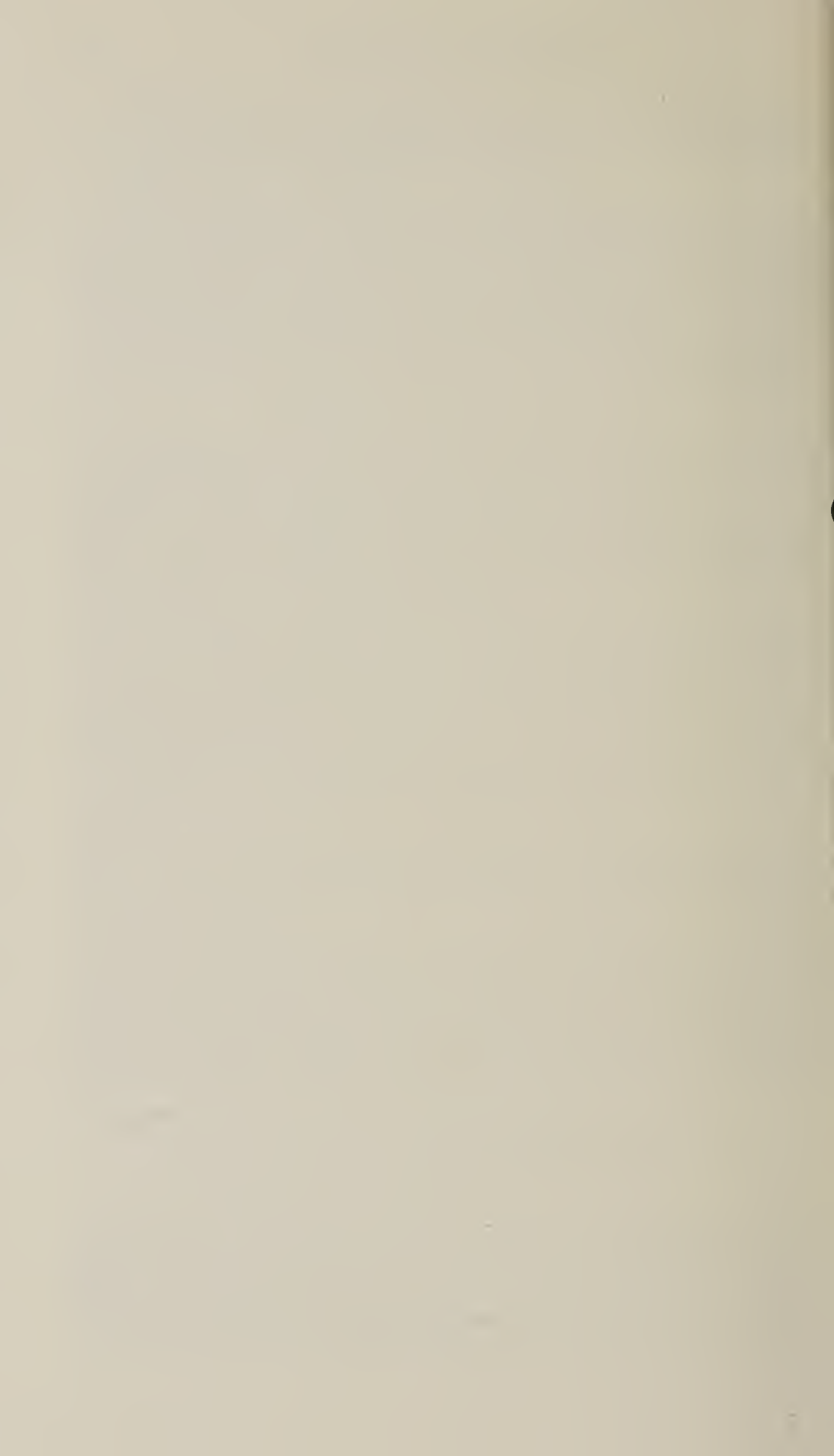
(Whereupon, at 12 o'clock noon, the subcommittee adjourned.)

STATEMENT FILED BY THE NATIONAL GRANGE

The National Grange supports S. 153.

The progressive electrification of 92.3 percent of the Nation's farms, plus the fact that many of the local R. E. M. C. cooperatives are being forced to rebuild inadequate structures (designed without full knowledge or account of present-day needs of increasingly modern farms, in terms of system), make it clear that the need for REA loan funds can no longer be measured accurately on the basis of unelectrified farms in any given State or area.

We believe that S. 153 will make possible the appropriate and highly desirable administrative flexibility needed at this stage of our rural electrification program.



H. R. 571

OF THE HOUSE OF REPRESENTATIVES

IN SENATE

APRIL 18, 1890.

A BILL

FOR THE PURPOSE OF

1. TO

2. TO

84TH CONGRESS
1ST SESSION

H. R. 571

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1955

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Rural Electrification Act of 1936, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 3 of the Rural Electrification Act of 1936, as
4 amended (7 U. S. C. 903), is amended as follows:

5 (a) Subsection (d) is amended by substituting a period
6 for the colon immediately preceding the proviso, and by
7 striking out the following words: "*Provided, however, That*
8 not more than 10 per centum of said unallotted annual
9 sums may be employed in any one State, or in all of the
10 Territories."

11 (b) Subsection (e) is amended by substituting a period

1 for the colon immediately preceding the proviso and striking
2 out the following: "*Provided, however,* That not more than
3 10 per centum of said sums may be employed in any one
4 State, or in all of the Territories."

84TH CONGRESS
1ST Session

H. R. 571

A BILL

To amend the Rural Electrification Act of 1936,
as amended.

By Mr. POAGE

JANUARY 5, 1955

Referred to the Committee on Agriculture

84TH CONGRESS
1ST SESSION

S. 153

IN THE SENATE OF THE UNITED STATES

JANUARY 6, 1955

Mr. THYE (for himself, Mr. AIKEN, and Mr. YOUNG) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Rural Electrification Act of 1936.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 3 of the Rural Electrification Act of 1936,
4 as amended (7 U. S. C. 903), is amended by striking out
5 subsections (c), (d), and (e) and inserting in lieu thereof
6 the following:

7 “(c) If any part of the annual sums made available for
8 the purposes of this Act are not loaned or obligated during
9 the fiscal year for which they are made available, such un-
10 expended or unobligated sums shall be available for loans
11 by the Administrator in the following year or years.”

1 (b) Subsection (f) of section 3 of such Act is redesignig-
 2 nated as subsection (d).

3 SEC. 2. Section 4 of the Rural Electrification Act of
 4 1936, as amended (7 U. S. C. 904), is amended by striking
 5 out "the provisions of sections 3 (d) and 3 (e) but without
 6 regard to the 10 per centum limitation therein contained",
 7 and inserting in lieu thereof "section 3".

84TH CONGRESS
 1ST SESSION

S. 153

A BILL

To amend the Rural Electrification Act of 1936.

By Mr. THYE, Mr. AIKEN, and Mr. YOUNG

JANUARY 6, 1955

Read twice and referred to the Committee on
 Agriculture and Forestry

defeated in the Senate by only 1 vote, 39 to 38. Last year, along with many of those who are cosponsoring the present bill, I again introduced this amendment, and while it was unanimously approved in subcommittee, it was never acted on by the full Judiciary Committee.

The purpose of these amendments was the same as the purpose of the present bill—to prevent the destruction of competition through price discrimination. Like the present bill, they were supported by virtually all of the legitimate small business organizations.

In offering this legislation we are seeking no special favors for small business. We are merely urging that small business be given an equal opportunity with big business to compete on the basis of efficiency and service. We are confident that, given this opportunity, small business will prosper and the free competitive system will be immeasurably strengthened.

STATEHOOD FOR HAWAII AND ALASKA

Mr. MURRAY. Mr. President, I introduce for appropriate reference, on my own behalf and that of 25 other Senators of both political parties, a bill to enable the strategic American Territories of Hawaii and Alaska to become States of the United States. Appropriately, I have asked that the number 49 be assigned to this measure.

The bill I am introducing is identical with H. R. 3575, of the 83d Congress, as it passed the Senate last April after prolonged and thorough debate. The Members of the Senate will recall that we joined Alaska to the Hawaii measure and then passed the combined bill by the substantial vote of 57 to 28. Unfortunately, no action was taken in the other body on the Senate amendments to the House bill.

The only changes that have been made in last year's bill, which was so well considered, is the deletion of references to dates in 1954.

Mr. President, I was happy indeed to hear the President of the United States urge in his State of the Union Message, just delivered, the admission of Hawaii, and to accept in principle the admission of Alaska. The Members of the Senate will recall that President Eisenhower stated:

As the complex problems of Alaska are resolved, that Territory should expect to achieve statehood. In the meantime, there is no justification for deferring the admission to statehood of Hawaii. I again urge approval of this measure.

Mr. President, I agree heartily with Mr. Eisenhower in his sponsorship of immediate statehood for Hawaii. As to Alaska, I would like to point out that it was the firm conviction of the Senate Committee on Interior and Insular Affairs in the 83d Congress that the measure worked out with such care would go a long way toward solving the problems that would be presented by statehood for Alaska. In fact, a distinguished former Governor of Alaska, Hon. Ernest Gruening, in his outstanding new book, *The State of Alaska*, shows that only through statehood can those problems be solved.

An overwhelming majority of the Members of the Senate of the 83d Congress agreed with the committee on the measure we worked out. Therefore, I

respectfully urge the President to re-appraise the situation in the light of the provisions of S. 49, and would remind him of his statement in 1950 unequivocally supporting statehood for Alaska as well as for Hawaii.

The continuing members of the Senate Committee on Interior and Insular Affairs on both sides of the table have indicated their intention to give prompt attention to this statehood bill, and it is my hope that we can bring the measure before this body very early in the first session of the 84th Congress.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 49) to enable the people of Hawaii and Alaska each to form a constitution and State government and to be admitted into the Union on an equal footing with the original States, introduced by Mr. MURRAY (for himself, Mr. ANDERSON, Mr. BARRETT, Mr. CAPEHART, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CLEMENTS, Mr. DIRKSEN, Mr. DOUGLAS, Mr. GREEN, Mr. HENNING, Mr. HOLLAND, Mr. HUMPHREY, Mr. JACKSON, Mr. KEFAUVER, Mr. KILGORE, Mr. LEHMAN, Mr. MAGNUSON, Mr. MANSFIELD, Mr. McNAMARA, Mr. MORSE, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. PASTORE, Mr. PAYNE, and Mr. YOUNG) was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

CONSTRUCTION OF CERTAIN PUBLIC WORKS ON MISSISSIPPI RIVER

Mr. HENNING. Mr. President, on behalf of my colleague from Missouri, [Mr. SYMINGTON] and myself, I introduce for appropriate reference, a bill to provide for the construction of flood-protection works for the city of St. Louis at an estimated cost of \$112,880,000. I introduced a substantially similar bill in the last Congress, but it was not acted upon before the end of the session. The need for flood protection for this important commercial and industrial center—and the Nation's eighth largest city—is no less urgent now. Indeed, it is even more urgent because more time has elapsed without any constructive steps being taken. Repeated floods at St. Louis have resulted in losses totaling hundreds of millions of dollars, as well as in the disruption of transportation and industry. To allow these needless losses to occur year after year when they can be prevented is, in my judgment, irresponsible and inexcusable.

This bill authorizes local protection at St. Louis substantially as recommended by the Chief of Engineers in his report submitted on July 26, 1954. I am satisfied that this project is economically sound and I urge that it be authorized as promptly as possible in order to prevent repetition of these wasteful and unnecessary flood disasters.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 56) authorizing construction of certain public works on the Mississippi River for the protection of St. Louis, Mo., introduced by Mr. HENNING

(for himself and Mr. SYMINGTON), was received, read twice by its title, and referred to the Committee on Public Works.

AMENDMENT OF FAIR LABOR STANDARDS ACT RELATING TO MINIMUM HOURLY WAGE

Mr. SMITH of New Jersey. Mr. President, I introduce for appropriate reference a bill to amend the Fair Labor Standards Act of 1938, as amended, to increase the minimum hourly wage from 75 cents to 90 cents. This bill will carry forward into legislative form the recommendation of President Eisenhower on this matter which the President urged in his challenging state of the Union message which we just heard. This bill provides that the increase shall take effect January 1, 1956.

I introduce this bill as the senior Republican member, and former chairman, of the Senate Committee on Labor and Public Welfare. I shall urge that committee to proceed as rapidly as possible with hearings on this bill so that it can be reported to the Senate at an early date.

The President in his state of the Union message, as we have heard, also has asked the Congress to consider whether there should be wider coverage under the Fair Labor Standards Act. However, the increase in the minimum wage should not be delayed pending decisions on the broadening of coverage, which is a related but separable problem.

The bill which I have just introduced is so short and the meaning so clear on its face that no explanation is required. However, in order that it appear in the RECORD I ask unanimous consent that the text be printed at the conclusion of these remarks.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, will be printed in the RECORD.

The bill (S. 57) to amend the Fair Labor Standards Act of 1938, as amended, to increase the minimum hourly wage from 75 cents to 90 cents, introduced by Mr. SMITH of New Jersey, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare, as follows:

Be it enacted, etc., That paragraph (1) of section 6 (a) of the Fair Labor Standards Act of 1938, as amended (52 Stat. 1060; 29 U. S. C. 206 (a) (1)), is hereby amended by striking out "not less than 75 cents an hour" and inserting in lieu thereof "not less than 90 cents an hour."

SEC. 2. This amendment shall take effect January 1, 1956.

SMALL BUSINESS ADMINISTRATION

Mr. THYE. Mr. President, I introduce for appropriate reference a bill for the establishment of a permanent Small Business Administration. I ask unanimous consent that a statement prepared by me relating to the bill be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 150) to give the Small Business Administration permanent status was received, read twice by its title, and referred to the Committee on Banking and Currency.

The statement presented by Mr. THYE is as follows:

STATEMENT BY SENATOR THYE

I am introducing a bill to provide for continuing the Small Business Administration as an independent agency. As chairman of the Small Business Committee of the Senate, I was privileged last year to offer the original legislation creating the Small Business Administration, which was embodied in title II of Public Law 163, 1st session, 83d Congress, the title being known as the Small Business Act of 1953.

This act was finally passed by Congress on July 30, 1953, and signed into law the same day by President Eisenhower. The present law provides for this agency only until June 30, 1955. The bill I am now offering will extend the life of this important agency.

A statement of policy expressing the philosophy underlying this legislation is contained in section 202 of the act, as follows:

"The essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation. Such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed. It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small business enterprises, and to maintain and strengthen the overall economy of the Nation."

While the Small Business Administration has made a splendid record in its 17 months of existence, experience has shown that much more can and should be done, within the proper scope of Government, to assist, counsel and foster small businesses and thereby maintain healthy, free, competitive enterprise and keep open the doors to opportunity.

Every department and agency of the Government has a part in fostering a healthy economic climate. The Small Business Administration is serving in an area, which, until the creation of the Small Business Administration, had never been adequately recognized and served.

The functions and procedures of the Small Business Administration are designed to serve the peculiar needs of small firms. This Agency is a service organization. It does not regulate business.

The wisdom of the Congress and the President in establishing the Small Business Administration to specialize in the needs of small firms has been demonstrated by the record of this Agency. Now let us go forward and strengthen SBA so that it can broaden the services it has pioneered.

The four major functions of the Small Business Administration are: (1) To assist small businesses to obtain a fair share of Government orders for goods and services; (2) to counsel owners of small firms on their management and technical problems; (3) to give financial assistance to sound small firms when this is not available from private

sources; and 4 to make loans at 3 percent interest to owners of homes and businesses damaged or completely destroyed by hurricanes, floods, and other natural disasters.

More than \$360 million in Government contracts have been reserved for exclusive award to small firms as a result of joint determinations between the Department of Defense and the Small Business Administration. More than 2,300 individual contracts totaling \$160 million already have been awarded to small firms as a result of representations made by SBA to the Department of Defense.

There is room for much improvement in the awarding of contracts to small firms. Procedures for accomplishing this are being improved. It seems to me that aside from the equity in giving the owner of a small firm an equal opportunity to bid on a contract that he is competent to perform, the national defense would be strengthened by wide diffusion of orders. This would maintain scattered geographical production facilities and more general know-how management and skilled workers in this era of atomic warfare.

A total of more than 150,000 individual notifications to small firms of Government contract bidding opportunities has been made by the Small Business Administration and approximately 1,000 subcontract referrals are made by the agency's field offices every month.

The Small Business Administration makes loans to small firms that meet credit requirements, if needed financial aid is not available at reasonable rates from private sources. Loans are made in participation with local lending institutions, or if participation loans are not available, directly to borrowers.

The Agency is now administering 5,341 loans amounting to approximately \$80,125,405. A total of 2,091 loans has been approved by the Agency. These include 1,122 business loans, totaling \$59,400,433 of which more than two-thirds are in participation with banks.

To assist in rehabilitating business concerns and homes destroyed or damaged by storms and other natural disasters, SBA has approved 969 loans for a total of \$5,476,535. The remaining loans being administered by the Agency are Reconstruction Finance Corporation disaster loans which have been transferred to SBA for collection.

The average gross amount of the business loans approved by SBA is approximately \$54,000. As of December 31, 1954, installment payments on only two loans, involving \$1,925, were past due, and only one of these was more than 30 days delinquent. This is a remarkably good record. It shows the proper regard for the taxpayers' money.

The Small Business Administration's business-counseling service has produced much favorable comment among businessmen. Articles by authorities on management and technical problems are distributed upon request and SBA is cosponsoring with colleges 24 courses on problems of small business. These are attended by owners and supervisors in small industries.

In view of the splendid record of the Agency in meeting the needs of worthy small businesses, I believe the Small Business Administration has definitely shown the necessity for it as an important factor in fostering small business, which is the backbone of the whole national economy. I am confident the Committee on Banking and Currency will conduct suitable hearings to determine if changes are desirable in the provisions of the present act, which the bill I have introduced merely extends.

It is highly essential, in my opinion, to maintain the individual identity of agencies established to assist small business, both in the executive branch and in Congress.

AMENDMENT OF RURAL ELECTRIFICATION ACT

Mr. THYE. Mr. President, on behalf of myself, the Senator from Vermont [Mr. AIKEN], and the Senator from North Dakota [Mr. YOUNG], I introduce, for appropriate reference, a bill to amend the Rural Electrification Act of 1936. I ask unanimous consent that a statement prepared by me in regard to the bill be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 153) to amend the Rural Electrification Act of 1936, introduced by Mr. THYE (for himself, Mr. AIKEN, and Mr. YOUNG), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The statement presented by Mr. THYE is as follows:

STATEMENT BY SENATOR THYE

In connection with the bill which I have introduced together with the Senior Senator from Vermont and the Junior Senator from North Dakota, providing for amendment of the Rural Electrification Act to eliminate the state allotment formula for distribution of Electrification Loan Funds on the basis of percentage of unelectrified farms.

The allotment formula is found in subsections (c), (d), and (e) of section 3 of the Rural Electrification Act. These subsections have not been revised since their enactment in 1936, when only 10.9 percent of our farms were electrified. The purpose of the formula was to assure equitable distribution of loan funds on the basis of need as determined by the ratio of unelectrified farms to the total for the United States. This purpose has substantially been achieved. By the close of fiscal year 1955, 95 percent of our farms will have been electrified. It is now recommended that the allotment formula be eliminated for the following reasons:

1. As indicated, it is no longer required to assure equitable distribution of loan funds so as to bring up the percentage of electrified farms. Extension of service to unelectrified farms is no longer the major concern of REA borrowers and will continue to decline in relative importance in future years.

2. Need for electrification loan funds is increasingly measured by requirements of REA borrowers for system improvements and the provision of generation and transmission facilities to meet ever-increasing farm demands. This need bears little relationship to the number or percentage of unelectrified farms. The allotment formula unnecessarily hampers the satisfying of this need.

3. Elimination of the State formula would clarify and simplify the budget process for REA. The artificial and outlived restrictions of the allotment formula have in recent years required provisions by the Congress of greater amounts of loan funds than were required annually to meet specific needs. The device of the contingency fund, to be drawn upon if needed for loans, was developed to offset these restrictions. Its use, however, has involved the drawing down of larger sums than were actually required due to the limitations of the allotment formula, and their carryover into subsequent years. It has also tended to obscure the determination of needs in subsequent years which must initially be made months before the need for and amount of the draft of contingency funds can be established. With the formula out of the way, loan requirements can be estimated and presented to the Congress on the basis of actual loan needs

rather than geared to an outmoded mathematical equation.

4. Elimination of the formula would do away with the increasingly difficult task of estimating annually the number of unelectrified farms in each State. The difficulty arises from varying classification of consumers in the utility industry, so that there is substantial uncertainty as to number of farm consumers and from the use of the total number of farms reported in the last preceding census as a base without regard to changes which are substantial. As the State estimates approach 100 percent, these factors increasingly invalidate the formula as a means of assuring distribution of electrification loan funds to bring about area coverage rural service.

5. The distribution of telephone loan funds since the inception of the telephone loan program in 1949 has been effected free of formula limitations and without complaint as to the equity of this arrangement.

MODIFICATION OF EXISTING PROJECTS FOR THE GREAT LAKES CONNECTING CHANNELS ABOVE LAKE ERIE

Mr. WILEY. Mr. President, I introduce for appropriate reference a bill to deepen the Great Lakes connecting channels above Lake Erie.

This bill will in effect help complete the Great Lakes-St. Lawrence seaway, a job which was begun under Public Law 358, of the 83d Congress, which I was proud to sponsor in the Senate.

The deepening of these channels to a 27-foot depth is an indispensable requirement, not only for the great heartland of America, but for the United States as a whole, and for the entire North American Continent.

I ask unanimous consent that the text of the bill be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred, and, without objection, printed in the RECORD.

The bill (S. 171) to authorize the modification of the existing projects for the Great Lakes connecting channels above Lake Erie, introduced by Mr. WILEY, was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the projects for improvement of the Great Lakes connecting channels above Lake Erie are hereby modified to provide controlling depths of not less than 27 feet, the work to be prosecuted under the direction of the Secretary of the Army and the supervision of the Chief of Engineers in accordance with plans to be approved by the Chief of Engineers.

SEC. 2. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

AMENDMENT OF CONSTITUTION RELATING TO TREATYMAKING POWER

Mr. BRICKER. Mr. President, I introduce for appropriate reference a joint resolution proposing an amendment to the Constitution of the United States, relating to the legal effect of certain treaties and other international agreements. I ask unanimous consent that a

statement prepared by me be printed in the RECORD.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The joint resolution (S. J. Res. 1) proposing an amendment to the Constitution of the United States, relating to the legal effect of certain treaties and other international agreements, introduced by Mr. BRICKER, was received, read twice by its title, and referred to the Committee on the Judiciary.

The statement presented by Mr. BRICKER is as follows:

STATEMENT OF SENATOR JOHN W. BRICKER

The text of the amendment just introduced is identical with that introduced by me on August 5, 1954. At that time I explained in considerable detail the purpose of the amendment.

It is misleading to say that the major purpose of my amendment is to "limit the treaty-making power of the President." The President and the Senate are constitutional partners in the treaty-making process. My amendment is designed to limit the treaty-making power of the President and the Senate, but only in the following respects:

1. To prevent any treaty in conflict with the Constitution from having any force or effect; and

2. To prevent any treaty from becoming internal law except through valid legislation.

There can be, and there should be, but one paramount law—the Constitution itself. The theory that international agreements can alter or amend the Constitution should not be allowed to develop or to exist.

Legislation should be required to make a treaty effective as domestic law. All other countries, with the possible exception of France, the Netherlands, and Mexico, follow this practice.

Legislation should be required to make executive agreements effective as domestic law. The possibility of one-man law within the United States must be ended.

I am absolutely certain that President Eisenhower would not wittingly abuse the power to make treaties and international agreements. I am confident that he is just as sincere as I am in wanting the Constitution to be supreme over every form of international agreement. I am just as anxious as the President to preserve all the powers of his high office essential to the conduct of foreign policy in this age of the atom.

Inasmuch as the President and I have these common objectives, I continue to hope that we may be able to agree on appropriate language.

The text of the joint resolution (S. J. Res. 1) is as follows:

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. A provision of a treaty or other international agreement which conflicts with this Constitution, or which is not made in pursuance thereof, shall not be the supreme law of the land nor be of any force or effect.

"SEC. 2. A treaty or other international agreement shall become effective as internal law in the United States only through legislation valid in the absence of international agreement.

"SEC. 3. On the question of advising and consenting to the ratification of a treaty, the vote shall be determined by yeas and nays, and the names of the persons voting for and against shall be entered on the Journal of the Senate.

"SEC. 4. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within 7 years from the date of its submission."

The threat of treaty law has not abated. The treaty-making ambitions of the United Nations and its agencies continue to reflect a zeal to regulate the political, economic, and social rights and duties of people everywhere. Those who seek to make the United States a mendicant province in some U. N.-operated world government are determined to destroy the concept of national sovereignty. This they hope to accomplish at the U. N. Charter Revision Conference in 1956. These are but a few of the recent developments underlining the need for a strong treaty control amendment. Before discussing these and other recent developments, however, I would like to explain briefly the origin and legal effect of the new language.

ORIGIN OF SECTION 1

Section 1 of the proposed amendment reads as follows:

"A provision of a treaty or other international agreement which conflicts with this Constitution, or which is not made in pursuance thereof, shall not be the supreme law of the land nor be of any force or effect."

This section has been endorsed in principle by the Eisenhower administration.

The language making a treaty in conflict with the Constitution of no force or effect originated with the American Bar Association. Later the American Bar Association and I recommended the same limitation for international agreements other than treaties. The Senate Judiciary Committee, only 4 of its 15 members dissenting, reported the proposed amendment in that form. This portion of section 1 was approved by the Senate on February 15, 1954, by the overwhelming vote of 62 to 20.

Section 1 of the new amendment contains the additional requirement that treaties and other international agreements must be made in pursuance of the Constitution. Credit for this suggestion must go to the distinguished senior Senator from Michigan [Mr. FERGUSON]. On February 17, 1954, the Senate approved the "in-pursuance" provision offered by Senator FERGUSON by a vote of 44 to 43. This narrow margin was not due to strong opposition but primarily because the "in-pursuance" requirement had not been the subject of committee consideration.

ORIGIN OF SECTION 2

Section 2 of the new amendment provides: "A treaty or other international agreement shall become effective as internal law in the United States only through legislation valid in the absence of international agreement."

This section represents the area of disagreement between myself and administration spokesmen. Language substantially similar to that quoted above was first proposed by the American Bar Association and on June 15, 1953, approved by the Senate Judiciary Committee.

That portion of the language above requiring legislation to make treaties effective as domestic law was voted down in the Senate by a vote of 50 to 42 on February 25, 1954.

That portion of section 2 requiring legislation to make executive agreements effective as domestic law failed by 1 vote—60 for and 31 against—to receive the required two-thirds. This provision was the heart of the substitute amendment proposed by the distinguished senior Senator from Georgia [Mr. GEORGE]. Several Senators voted against the

George substitute because it did not prevent the Congress from enacting legislation implementing an executive agreement that would be unconstitutional in the absence of such agreements. The proposed new language remedies that defect.

ORIGIN OF SECTION 3

Section 3 reads as follows:

"On the question of advising and consenting to the ratification of a treaty, the vote shall be determined by yeas and nays, and the names of the persons voting for and against shall be entered on the Journal of the Senate."

The distinguished majority leader, Senator KNOWLAND, is responsible for the above language to prevent treaties from being approved by only a handful of Senators. Both the administration and I have endorsed Senator KNOWLAND's contribution to the amendment. On February 16, 1954, the Senate approved this provision by a vote of 72 to 16.

LEGAL EFFECT OF THE REVISED TEXT

A word as to the meaning and effect of the various provisions of the joint resolution just now introduced is appropriate.

Section 1 will have two related effects.

First. It will carry into effect the principle as to which there seemed to be substantial unanimity of opinion when Senate Joint Resolution 1 was under debate, namely, that a treaty or other international agreement should have no force or effect if it was in conflict with the Constitution.

Second. It will provide that treaties and other international agreements in order to be valid must be made in pursuance of the Constitution.

Testifying in the hearings on Senate Joint Resolution 1, Secretary of State Dulles indicated that a treaty to effectuate internal social reforms, even though not in direct conflict with the Constitution, would not be one made in pursuance thereof. The Attorney General expressed the same opinion when he told the Senate Judiciary Committee:

"Our Federal system did not contemplate having treaties deal with matters exclusively domestic in their nature."

Addressing the annual meeting of the American Bar Association in September 1953, Mr. Dulles suggested that the treaty power would not be exercised in pursuance of the Constitution if it were used in the following manner: "to effectuate domestic reforms, particularly in relation to economic and social matters, and to impose upon our country socialistic conceptions which many felt were alien to our traditional American ideals."

Accordingly, the administration, although not convinced of the necessity of an amendment, interposed no objection to the provision requiring the treaty power, like the legislative power, to be exercised only in pursuance of the Constitution.

Article VI of the Constitution, the supremacy clause, today provides that laws of the United States in order to be the supreme law of the land must be made in pursuance of the Constitution although treaties in order to be such supreme law are those "made, or which shall be made, under the authority of the United States."

While some opponents of the amendment have asserted that under the supremacy clause treaties and statutes stand on an equal footing, both being subordinate to the Constitution, this difference in language led Mr. Justice Holmes to remark in *Missouri v. Holland* that, while "acts of Congress are the supreme law of the land only when made in pursuance of the Constitution," it was open to question whether the authority of the United States means "more than the formal acts prescribed to make the convention."

And *Missouri v. Holland*, in turn, led the late Chief Justice Hughes to say to the

American Society of International Law in 1929 that he was unwilling to give an opinion that there was any implied limitation on the treaty-making power—that the Supreme Court had intimated that there was none.

Section 1 would thus insure that the Constitution would set the limits on the substance of treaties and not merely prescribe the method of their making.

Section 1 will put treaties and other international agreements where they belong—subject to the Constitution and invalid if they either conflict with it or are not made, as Federal laws must be, in pursuance of it. Any contrary inference from the language of the Constitution or from the cases would be impossible.

There can be and there should be but one paramount law—the Constitution itself. Both laws of the United States and all actions of the Federal Government should be subject to it. The theory that treaties stand on a level with the Constitution itself or can alter or amend that Constitution should not be allowed to develop or to exist.

Section 2 would prevent any treaty from being internal law of the United States simply by reason of its own existence. There would be no more self-executing treaties as domestic law. Legislation would be necessary to effectuate a treaty as internal law.

This is substantially the same as section 2 of Senate Joint Resolution 1, with the difference that the new section 2 has eliminated as superfluous the words "which would be" immediately preceding "valid in the absence of."

Section 2 also deals with international agreements other than treaties, including executive agreements not previously authorized or approved by Congress. Section 2 would prevent an executive agreement from having the effect of internal law of the United States by virtue of its terms self-executing in form. There would be no possibility of one-man law within the United States. The doctrine of the Belmont and Pink cases would be nullified.

Obviously, if the Congress authorizes executive agreements by legislation in advance, such legislation would have to be within the already delegated powers of Congress. No reason is apparent why subsequent implementing legislation giving effect to such an agreement as internal law should not be confined within the same limits, and section 2 would do this.

Because it is widely conceded that the Congress now has power to regulate executive agreements under the "necessary and proper" clause, the present joint resolution does not contain the following provision included in Senate Joint Resolution 1:

"Congress shall have power to regulate all executive agreements."

No objection was made to the elimination of that provision during the Senate debate since it was regarded as merely declaratory of existing law. To prevent a repetition of the disastrous experience at Yalta, legislation to regulate the making of executive agreements is now pending before the Congress. To supplement any treaty-control amendment that may be adopted, I particularly hope that the distinguished senior Senator from Nevada, Mr. McCarran, will reintroduce his resolution—Senate Joint Resolution 2—in the next Congress.

Section 3 is self-explanatory, and its substance, in one form or another, has been regarded as advisable by almost everyone. It would tend to prevent approval of treaties with a mere handful of Senators present and voting.

RECENT DEVELOPMENTS IN THE FIELD OF TREATY LAW

Since the defeat of Senate Joint Resolution 1 in the United States Senate, four important new developments have strengthened the position of the proponents of the amendment.

First. The United Nations Human Rights Commission has refused to insert a provision in the Human Rights Covenants recognizing the right to own property and to have it protected against arbitrary interference by government.

Second. Mr. Dulles announced on March 16, 1954, that the President can now wage war without a declaration by Congress in the event of attack on one of our treaty allies in Europe or South America, thus reaffirming his Louisville speech of April 1952 before the American Bar Association that a treaty can take powers from Congress and confer them on the President.

Third. Sir Winston Churchill disclosed on the floor of the House of Commons in April 1954 the terms of the secret executive agreement of President Roosevelt and Prime Minister Churchill relating to the use of atomic weapons and peacetime application of atomic energy.

Fourth. The current debate on the subject of United Nations Charter revision has revealed a determined effort on the part of influential persons and organizations to scuttle the sovereignty of the United States at the proposed UN Charter Revision Conference in 1956 in favor of some form of limited or full world government. In hearings before the Wiley subcommittee on UN Charter revision, many world government enthusiasts have made it clear that they seek to transform the United Nations from an organization of sovereign states into a superstate either by treaty or by executive agreement, or if that is not feasible, by the even more dangerous process of informal charter amendment, that is, by far-fetched interpretation or by unwarranted usurpation of power.

Indicative of the philosophy dominating the United Nations Commission on Human Rights is the fact that after holding over 400 meetings, the Commission has refused to approve for the so-called draft of the so-called International Covenant on Human Rights, a provision recognizing the right to own private property and to be secure in its enjoyment against the arbitrary seizure by government. This discloses the extent to which the Human Rights Commission is controlled by Communists and Socialists.

On March 3, 1954, over United States and Turkish objections, the 18-nation Human Rights Commission voted to shelve indefinitely all discussion of property rights.

The chairman of the United Nations Human Rights Commission at the eighth session, Dr. Charles Malik, of Lebanon, had this to say of the Socialist and Communist influences dominating its work:

"I think a study of our proceedings will reveal that the amendments we adopted to the old texts under examination responded for the most part more to Soviet than to western promptings. For the second year an unsuccessful attempt was made to include an article on the right to own property. * * * The concept of property and its ownership is at the heart of the great ideological conflict of the present day. It was not only the Communist representatives who riddled this concept with questions and doubts, a goodly portion of the non-Communist world had itself succumbed to these doubts. A study of this particular debate will reveal the extent to which the non-Communist world has been communistically softened or frightened. It seems incredible that in these economic matters, which reflect indeed much more than mere economic divergences, the western world is so divided itself as to be incapable of presenting a common front against communism."

On March 16 Secretary of State Dulles asserted that in his opinion President Eisenhower had authority, without consulting Congress, to wage war in Europe or South America in the event any of our treaty allies under the North Atlantic Treaty and the Rio de Janeiro Treaty were attacked. At a

H. R. 2138

IN THE HOUSE OF REPRESENTATIVES

January 10, 1907

For the purpose of providing for the construction of a
certain highway.

A BILL

to amend the Road Improvement Act of 1906.

1. As it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.
2. That section 1 of the Road Improvement Act of 1906 be amended so that it shall read as follows:

84TH CONGRESS
1ST SESSION

H. R. 2138

IN THE HOUSE OF REPRESENTATIVES

JANUARY 13, 1955

Mr. HOPE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Rural Electrification Act of 1936, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 3 of the Rural Electrification Act of 1936, as
4 amended, is further amended by striking out all of subsec-
5 tions (c) and (d).

6 SEC. 2. Subsection (e) of section 3 is amended by strik-
7 ing out the following words: "without allotment: *Provided,*
8 *however,* That not more than 10 per centum of said sums
9 for rural electrification loans may be employed in any one
10 State or in all of the Territories" and by relettering said
11 subsection "(c)", so that it will read as follows:

1 “(c) If any part of the annual sums made available
2 for the purposes of this Act shall not be loaned or obligated
3 during the fiscal year for which such sums are made avail-
4 able, such unexpended or unobligated sums shall be available
5 for loans by the Administrator in the following year or years.”

6 SEC. 3. Subsection (f) of section 3 is amended by re-
7 lettering it “(d)”.

84TH CONGRESS
1ST SESSION

H. R. 2138

A BILL

To amend the Rural Electrification Act of 1936,
as amended.

By Mr. HOPE

JANUARY 13, 1955

Referred to the Committee on Agriculture

authorize the Federal land banks to purchase certain remaining assets of the Federal Farm Mortgage Corporation (S. Rept. 37); and S. 942, to repeal the law providing a revolving fund for purchase of agricultural commodities and raw materials to be processed in occupied areas and sold (S. Rept. 38); and with amendment S. 752, to eliminate the requirement that private stocks exported under Public Law 480, 83rd Congress, be replaced from CCC stocks (S. Rept. 40) (p. 1940).

Sen. Williams spoke against shipping surplus agricultural commodities to Russia and other iron curtain countries (pp. 1964-5).

11. **ELECTRIFICATION; FOREST LANDS.** The Agriculture and Forestry Committee ordered reported S. 153, to amend the REAct of 1936 so as to eliminate the State allotment formula, and S. 72, providing that certain lands conveyed to the U. S. by M. Mex. situated within the Lincoln National Forest shall be administered as national forest lands (p. D153).
12. **TAXATION.** The Finance Committee reported with amendment H. R. 4259, to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise taxes (S. Rept. 36)(p. 1917). Authority was granted for filing by noon, Mar. 8, of minority views on this bill (pp. 1962-4).
13. **NOMINATION.** The Agriculture and Forestry Committee reported the nomination of Sam H. Bober to be a member of the Federal Farm Credit Board (p. 1940).
14. **SOIL CONSERVATION.** The Agriculture and Forestry Committee appointed a sub-committee (Sens. Humphrey, Scott, and Mundt) to consider S. 494, and related bills, to repeal Sec. 348 of the Agricultural Adjustment Act of 1938, which makes ACP payments contingent upon compliance with acreage allotments on basic crops (p. D154).
15. **TECHNICAL ASSISTANCE.** Sen. Wiley stated that the technical assistance specialists have "literally been performing miracles in contributing to the economic health of underdeveloped nations" and inserted a letter on this subject (p. 1958).
16. **NEWSPRINT.** Sen. Ellender inserted several newspaper articles discussing the development and use of Bagasse newsprint (pp. 1959-60).
17. **BUDGETING; EXPENDITURES.** Sen. Bennett inserted Treasury Secretary Humphrey's recent speech wherein he discussed the Administration's efforts to balance the budget, cut expenditures, etc. (pp. 1960-2).
18. **SELECTIVE SERVICE.** Sen. Humphrey submitted amendments intended to be proposed by him to H. R. 3005, to extend selective service for 4 years until July 1, 1959, etc. (p. 1947).
19. **ROADS.** Sen. Byrd inserted a number of newspaper editorials opposing the method of financing the nation's long-range highway plans as proposed by the Clay Commission (pp. 1947-53).
20. **STATEHOOD; TARIFFS; TEXTILES; TREATIES.** Received various State Legislature memorials and other petitions favoring statehood for Alaska and Hawaii; opposing tariff reductions on textile imports; and favoring the so-called Bricker

amendment to restrict the President's treaty power (pp. 1937-8).

21. RECLAMATION. Received from the Interior Department a soil survey and land classification report of the lands to be benefited by the Haystack Equalizing Reservoir, stating that the lands to be irrigated are susceptible to the production of agricultural crops through irrigation (p. 1936).
22. ROADS. Received from the Interior Department a proposed bill to authorize that Department to acquire certain rights-of-way and timber access roads (p. 1936).
23. INFORMATION; EDUCATION. Received from the Commission of Fine Arts a proposed bill "to amend the act of May 17, 1910, relating to the establishment of a Commission of Fine Arts"; to Rules and Administration Committee (p. 1936).
24. STOCKPILING. Received from the ODM a confidential "Statistical Stockpile Report to the Congress" for the period July 1 through Dec. 31, 1954 (p. 1936).
25. ADJOURNED until Fri., Mar. 4, and Sen. Clements announced that no legislative business is expected to be taken up on Fri. (p. 1965).

COMMITTEE HEARINGS RELEASED BY GPO

26. ECONOMIC REPORT. January 1955 economic report of the President. Joint Committee on the Economic Report.
27. WHEAT. S. 145, H. R. 1572, 1580, 1765, 1813, to increase marketing quotas and acreage allotments for 1955 durum wheat crop. H. Agriculture Committee.

ITEMS IN APPENDIX

28. DROUGHT RELIEF. Extension of remarks of Rep. Berry commending the Department's administration of the drought relief program and discussing various phases of the program (pp. A1360-2).
29. FORESTRY. Rep. Shuford inserted 2 Asheville (N.C.) Citizen editorials, "Trees and Men" and "Forest Service's Role In Our Past and Future" commending FS on its 50th anniversary (pp. A1364, A1371).
30. ELECTRIFICATION; RECLAMATION. Rep. Roberts inserted his statement giving a legislative history of the development of the Alabama-Coosa River Basin (pp. A1362-4).
Rep. Lack inserted a Slovene Nat'l Benefit Society resolution urging expansion of REA, TVA, and public power (pp. A1374-5).
Extension of remarks of Rep. Engle criticizing the administration's power policy (p. A1375).
31. PRICE SUPPORTS. Rep. Dawson inserted a Salt Lake Deseret News and Telegram editorial commending Rep. Dixon for his "Close analysis of the figures which had been offered and their source" of the costs of the price support programs (p. A1365).
32. DAIRY PRODUCTS. Rep. Johnson inserted a Capitol Times of Madison (Wis.) article summarizing "the fact that milk--particularly nonfat dry milk--is one of the best sources of protein" (pp. A1366-7).

3/8/55

14. SCHOOL LUNCH. Received GAO's audit report on the national school lunch program, and an investigative survey of the operations of the program, in the State of Ind. (p. 2067).
15. REA. The Agriculture and Forestry Committee appointed a subcommittee (Sens. Humphrey, chrmn., Scott, and Mundt) to hold hearings on S. 153, to amend the REAct of 1936 so as to eliminate the State allotment formula (p. D174).
16. TAXATION. Authority was granted until midnight Mar. 9 for filing of minority views on H. R. 4259, to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates (p. 2086).
17. TRADE AGREEMENTS. Sen. Payne submitted amendments (in the nature of a substitute) intended to be proposed by him to H. R. 1, the trade agreements extension bill (p. 2080).
18. NOMINATIONS. of Sam H. Bober to be a member of the Federal Farm Credit Board and Charles Noah Shepherdson to be a member of the Federal Reserve System Board of Governors were confirmed (p. 2122).
19. COPYRIGHTS. At the request of Sen. Langer, further consideration of S. 1254, to create a Federal commission to study the copyright laws and make recommendations for their revision, was indefinitely postponed (p. 2079).
20. RECLAMATION; ELECTRIFICATION. Received Mont. Legislature resolutions favoring construction of Libby and Yellowtail dams, and an Okla. Legislature resolution favoring authorization of the Washita Basin project (pp. 2070-1).
21. LU LANDS; SURPLUS COMMODITIES. Sen. Thye spoke in favor of his bill, S. 1023, to authorize the Secretary to exercise his authority under title III of the Bankhead-Jones Farm Tenant Act to retire submarginal lands located in arid and semiarid areas from the production of surplus agricultural commodities (pp. 2083-5).
22. PRICE SUPPORTS. Sen. Langer inserted a Dickinson (N. Dak.) Farmers' Union letter favoring "price support of 90 percent of parity or better" (p. 2086).
23. ROADS. Sen. Thye inserted a Minn. State Assn. of County Commissioners' resolution favoring changing the rate of Federal aid to counties for rural highways or farm-to-market roads from 50 to 74 percent (p. 2072).
24. ADJOURNED until Thurs. Mar. 10 (p. 2122). Majority Leader Johnson indicated the tax bill will be taken up then (p. 2086).

ITEMS IN APPENDIX

25. FOOD IMPORTS. Rep. Bailey inserted a news dispatch from Switzerland stating that GATT has renewed the U.S. curbs on food imports and gave other countries permission to retaliate and seek compensation if affected by the restrictions (p. A1523).
26. FARM OUTLOOK. Rep. Clevenger inserted a speech by William B. Murphy (Pres., Campbell's Soup Co.) regarding major economic problems and the tomato situation (pp. A1534-6).

27. PERSONNEL. Rep. Derounian inserted an article by David Lawrence defending the present Government security program (pp. A1536-7).
28. FARM INCOME. Sen. Martin (Pa.) inserted an article from the Phila. Inquirer analyzing the drop in farm income in Pa., N.J., and Del. (pp. A1537-8).
29. IRRIGATION; REA. Sen. Neuberger inserted an article from the Portland Oregonian describing the irrigation of southcentral Oregon made possible by cheap electricity for pumping water furnished by REA co-ops (pp. A1543-4).
30. FOOD DISTRIBUTION. Sen. Kefauver inserted Marie Kiefer's (sec.-mgr., Nat'l Ass'n of Retail Grocers) speech discussing "the evil of price discrimination" (pp. A1544-6).
31. LEGISLATIVE PROCEDURE. Sen. Dirksen inserted the Library of Congress documented study, "The Historical Development of the Conference Committee" (pp. A1552-7).
32. SCHOOL LUNCH PROGRAM. Rep. Byrd inserted his statement to the Agriculture Appropriations Subcommittee opposing a proposed cut in moneys for the school lunch program (p. A1565).
33. BUTTER OVER GUNS. Sen. Monroney inserted several newspaper articles and editorials on the merits and demerits of "butter over guns" (pp. A1569-71).
34. FORESTRY. Rep. Byrd inserted his statement to the Interior Appropriations Subcommittee opposing the proposed reduction of Federal funds for the forest fire control program (p. A1571-2).
35. TRANSPORTATION. Extension of remarks of Sen. Magnuson and insertion of excerpts from an American Steamship Lines publication pointing out profit to residents of the inland States from Government participation in American shipping (p. A1572-3).

BILLS INTRODUCED

36. TOBACCO. S. 1325, S. 1326, S. 1327, by Sen. Clements, and H. R. 4755, H. R. 4756, H. R. 4757, by Rep. Watts, to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to Agriculture and Agriculture and Forestry Committees (pp. 2073, 2144).
37. WATER UTILIZATION; ELECTRIFICATION. S. 1333, by Sen. Morse (for himself and others), H. R. 4719, by Rep. Pfof, H. R. 4739, by Rep. Magnuson, H. R. 4740, by Rep. Metcalf, H. R. 4730, by Rep. Green; Oreg., to authorize the construction, operation, and maintenance of the Hells Canyon Dam on the Snake River between Idaho and Oregon; to Interior and Insular Affairs Committees (pp. 2073, 2143). Remarks of Sen. Morse, Rep. Pfof, and others (pp. 2089-2105, 2128-41).
38. BUILDINGS. H. R. 4722, by Rep. Broyhill, to eliminate the 1-year limitation on the period of leases of space for Federal agencies in the District of Columbia; to Public Works Committee (p. 2143).
39. TAXATION. H. R. 4731, by Rep. Herlong, relating to the tax treatment to be afforded under sec. 117 (j) (3) of the Internal Revenue Code of 1939 in certain cases involving the sale, exchange, or conversion of land with unharvested crops

84TH CONGRESS
1ST SESSION

H. R. 5376

IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 1955

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Rural Electrification Act of 1936, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) section 3 of the Rural Electrification Act of 1936,
4 as amended (7 U. S. C. 903), is amended by striking out
5 subsections (c), (d), and (e) and inserting in lieu thereof
6 the following:

7 “(c) The Administrator shall, within ninety days after
8 the beginning of each fiscal year, determine for each State
9 and for the United States the number of farms not then
10 receiving central station electric service.

11 “(d) If any part of the annual funds made available

1 for the purposes of this Act shall not be loaned or obligated
2 during the fiscal year for which such sums are made avail-
3 able, such unexpended and unobligated funds shall be avail-
4 able for loans by the Administrator in the following year
5 or years.”

6 (b) Subsection (f) of section 3 of such Act is redesignig-
7 nated as section (e).

8 SEC. 2. Section 4 of the Rural Electrification Act of
9 1936, as amended (7 U. S. C. 904), is amended by strik-
10 ing out “the provisions of section 3 (d) and 3 (e), but
11 without regard to the 10 per centum limitation therein con-
12 tained” and inserting in lieu thereof “Section 3”.

84TH CONGRESS
1ST SESSION

H. R. 5376

A BILL

To amend the Rural Electrification Act of 1936,
as amended.

By Mr. Poage

MARCH 30, 1955

Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 15, 1955
For actions of April 14, 1955
84th-1st, No. 62

CONTENTS

Acreage allotments.....7	Food, inspection.....3	Reclamation.....8,21
Adjournment.....9,16	Foreign aid.....10	Research.....23
Agricultural commodities.....35	Forestry.....1,33	Rice.....14
Alaska.....29	Information.....7	Roads.....1,4,29,31
Animal disease.....1	Lands, public.....33	School lunch.....1
Appropriations..1,10,34,38	Legislative program.....16	Seed marketing.....27
Auditing.....6	Libraries.....7	Tariffs.....15,18,28
Conservation.....26	Low-income farmers.....24	Taxation.....15
Dairy industry.....23	Marketing.....3,14,25,27	Technical assistance.....10
Disaster relief.....1,37	Minerals.....15,29,33	Trade agreements.....2,15
Education.....36	Organization, executive.36	Trade, foreign.....35
Electrification,....11,39	Patents.....12	Transportation.....7
Experiment stations.....34	Penalty mail.....5	Virgin Islands.....6
Farm program.....17	Personnel.....1,13,32	Wheat.....7,19
Flood control.....30	Prices, support.....14,17,20,22	Wind erosion control.....1
		Wool.....15

HIGHLIGHTS: Senate passed 2nd supplemental appropriation bill and agreed to additional funds for school lunches. Both Houses received President's message asking that U. S. join Organization for Trade Cooperation. House passed State, Justice, Judiciary appropriation bill. House subcommittee ordered reported bill to repeal REA State formula. (Continued at end of Digest.)

SENATE

1. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1955. Passed with amendments this bill, H. R. 4903 (pp. 3735, 3738-49). Sens. Hayden, Russell, Chavez, Ellender, Bridges, Saltonstall, and Young were appointed Senate conferees (p. 3749). Agreed to an amendment by Sen. Kerr to add \$7,000,000 for the school lunch program (pp. 3747-9). Agreed to a committee amendment providing funds for unemployment compensation for Federal employees (p. 3744).
During debate on the bill, Sen. Douglas and Sen. Williams urged more accurate budget estimates in order to reduce the number of supplemental items (pp. 3739-40), Sen. Case (S. Dak.) commended the appropriation of additional funds for forest roads (pp. 3738-9), and Sens. Johnson (Tex.) and Thyne commended the staffs of the Appropriations Committee (pp. 3733-4).
The bill had been reported on April 13 during recess, with amendments (S. Rept. 138)(p. 3723).
As passed by the Senate, the bill includes the following items for this Department: Emergency outbreaks of animal diseases and pests, \$700,000; control of forest pests, \$2,570,000; and language extending availability of funds for wind erosion control and to repay a temporary allocation of \$5,000,000 from the President's disaster relief fund to reactivate the program.

2. TRADE AGREEMENTS. Both Houses received from the President a message recommending that the U. S. join the Organization for Trade Cooperation (H. Doc. 140); to House Ways and Means Committee and Senate Finance Committee (pp. 3723, 3760-2).

3. MARKETING. Both Houses received from this Department a proposed bill to amend the Agricultural Marketing Act of 1946 so as to provide a penalty for falsely making, issuing, altering, forging, or counterfeiting any certificate of inspection or grade marking issued by AMS; to Senate Agriculture and Forestry Committee and House Agriculture Committee (pp. 3723, 3811).
4. ROADS. Both Houses received from the Commerce Department a report on the progress and feasibility of toll roads (pp. 3724, 3811)(H. Doc. 139); to Public Works Committees.
5. PENALTY MAIL. Received from the Post Office Department a proposed bill to amend the Penalty Mail Act; to Post Office and Civil Service Committee (p. 3724).
6. VIRGIN ISLANDS. Received from the Assistant Comptroller General an audit report on the Virgin Islands Corporation (p. 3723).
7. LIBRARIES; ACREAGE ALLOTMENTS; WHEAT; TRANSPORTATION. Received petitions, etc., favoring additional rural library facilities, additional acreage allotments, removal of the Canadian embargo on Selkirk wheat, and elimination of the bulk commodity exemption regarding inland water carriers (pp. 3724-7).
8. RECLAMATION. S. 500, to authorize the Colorado River storage project, was made the unfinished business (p. 3755).
9. ADJOURNED until Mon., Apr. 18 (p. 3756).

HOUSE

10. STATE, JUSTICE, JUDICIARY APPROPRIATION BILL, 1956. Passed without amendments this bill, H. R. 5502 (pp. 3762-3807). Rejected a series of amendments, offered by Rep. Gross, to delete all funds for the National Commission on Educational, Scientific, and Cultural Cooperation and the entertainment funds of the Foreign Service; and to reduce building funds of the State Department and U. S. contributions to the United Nations and specialized agencies (pp. 3784-7). Rejected an amendment offered by Rep. Zablocki to increase by \$6 $\frac{1}{2}$ million the funds provided for international education exchange activities of the State Department (pp. 3797-3801).

Several Members discussed the pros and cons of the technical assistance program and Rep. Dixon stated "those in charge of the affairs in Iran have testified to me that one of our agricultural agents in the field of Iran is greater protection to all liberty-loving countries than a battleship in the harbor" (pp. 3767-80).

11. RURAL ELECTRIFICATION. The Poage subcommittee ordered reported to the full Agriculture Committee H. R. 5376, amending sec. 3 of the Rural Electrification Act of 1936, so as to repeal the State allotment formula (pp. D291-2).
12. PATENTS. Subcommittee ordered reported to the Judiciary Committee, without recommendation, H. R. 2128, to authorize the extension of patents covering inventions whose practice was prevented or curtailed during certain emergency periods by service of the patent owner in the Armed Forces or by production controls (p. D293).
13. PERSONNEL. Received from the Presidential Adviser on Personnel Management a proposed bill to provide leave of absence for officers and employees stationed outside the U. S. for use in the U. S., its Territories or possessions; to Post Office and Civil Service Committee (p. 3811).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 21, 1955
For actions of April 20, 1955
84th-1st, No. 65

CONTENTS

Achievement award.....23	Experiment stations.....28	Organization, executive...29
A.C.P.....10	Farm relief.....11,31	Personnel.....17,23
Acreage allotments...10,11	Flood control.....33	Price supports.....19
Agricultural appropriations.....16	Foreign aid.....2,22,34,36	Reclamation.....3,33,37
Agricultural Stabilization Committee.....14,18	Forestry.....7,20,32	Rice.....6,36
Appropriations.....1,15,16	Lands, transfer.....12	Soil conservation.....10,22
Dairy industry.....38	Legislative program.....16	Sugar.....35
Disaster relief.....11,31	Livestock loans.....8	Tobacco.....13
Education.....23	Loans, farm.....8,21,25	Trade agreements.....5,16
Electrification, rural .....9,15,22,30	Loyalty Day.....4	Water conservation.....22,26
	Marketing.....24,27	Wheat.....24
	Monopolies.....19	Wind erosion control.....1
	Natural resources.....22	

HIGHLIGHTS: Both Houses agreed to conference report on 2nd supplemental appropriation bill. Both Houses received President's foreign aid message. Senate passed Colorado reclamation bill. Senate committee reported bills to: amend rice-quota provisions, authorize sale of forest tracts, continue livestock-loans program, repeal REA State formula, repeal tie-in of ACP with acreage allotments, provide additional acreage allotments for freeze areas, etc. Senate committee ordered reported measure directing USDA to study burley tobacco problem. House passed postal pay raise bill. Rep. Moulder urged investigation of Mo. Agricultural Stabilization Committee's methods. Sens. Carlson and Morse introduced and discussed bills to provide two-price wheat plan. Sens. Johnston and Thurmond introduced, and Sen. Thurmond discussed, bills to limit interest on certain farm loans to 3%. Rep. Gathings commended Secretary's handling of Japanese rice negotiations.

SENATE

1. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1955. Both Houses agreed to the conference report on this bill, H. R. 4903, and acted on amendments which had been reported in disagreement (pp. 4079-80, 4082-4). The House concurred in the Senate amendment regarding the wind erosion control item. For other items of interest to this Department, see Digest 64. This bill will now be sent to the President.
2. FOREIGN AID. Both Houses received the President's message recommending continuation of the Mutual Security Program under an International Cooperation Administration in the State Department; to Senate Foreign Relations Committee and House Foreign Affairs Committee (H. Doc. 144) (pp. 4080, 4084-6).
3. RECLAMATION. Passed, 58-23, with amendments S. 500, to authorize the Colorado River storage project (pp. 4048-73).
4. LOYALTY DAY. Passed without amendment H. J. Res. 184, to designate May 1, 1955,

as Loyalty Day (p. 4073). This measure will now be sent to the President.

5. TRADE AGREEMENTS. The Finance Committee made additional tentative decisions regarding various provisions of H. R. 1, the trade agreements bill (p. D311).
6. RICE QUOTAS. The Agriculture and Forestry Committee reported without amendment H. R. 2839 (S. Rept. 213) and H. R. 4356 (S. Rept. 214), and with amendments H. R. 4647 (S. Rept. 211), to amend various provisions of the rice marketing quota laws (p. 4031).
7. FORESTRY. The Agriculture and Forestry Committee reported with amendments S. 1079, to authorize sale of isolated or protruding tracts of national forest land (S. Rept. 207)(p. 4031).
8. LIVESTOCK LOANS. The Agriculture and Forestry Committee reported without amendment S. 1372, to amend the act of April 6, 1949, to extend the period for emergency assistance to farmers and stockmen (S. Rept. 208)(p. 4031).
9. RURAL ELECTRIFICATION. The Agriculture and Forestry Committee reported with amendment S. 153, to amend the Rural Electrification Act so as to eliminate the requirement that not more than 10% of the loans may be made in any one State (S. Rept. 209)(p. 4031).
10. SOIL CONSERVATION; ACREAGE ALLOTMENTS. The Agriculture and Forestry Committee reported without amendment H. R. 1573, to repeal the requirement that farmers must comply with acreage allotments on basic crops in order to be eligible for ACP payments (S. Rept. 210).
11. ACREAGE ALLOTMENTS; FARM RELIEF. The Agriculture and Forestry Committee reported with amendments S. 1628, to provide relief to farmers and farmworkers suffering crop losses or loss of employment because of damage to crops caused by drought, flood, hail, frost, freeze, wind, insect infestation, plant disease, or other natural causes (S. Rept. 206)(p. 4031).
12. LAND TRANSFER. The Agriculture and Forestry Committee reported without amendment S. 998, to authorize conveyance of a tract of ARS land to Woodward, Okla. (S. Rept. 212)(p. 4031).
The Agriculture and Forestry Committee ordered reported H. J. Res. 107, to permit Federal release of reversionary rights in certain former FHA land located at Kern County, Calif. (p. D310).
13. TOBACCO. The Agriculture and Forestry Committee ordered reported S. J. Res. 60, directing the Secretary of Agriculture to make a study and report regarding burley tobacco marketing controls (p. D310).
14. AGRICULTURAL STABILIZATION COMMITTEE. Received a Mo. State legislature resolution requesting the USDA to investigate the activities of the Mo. State ASC committee in the dismissals of duly elected local committeemen, the suspension of the William Young McCaskill and Smith Feed Co. as certified drought feed dealers, etc. (pp. 4029-30).
15. ELECTRIFICATION. Sen. Neuberger spoke in favor of increased appropriations for the John Day Dam, Columbia River, and inserted an Oregonian editorial on this subject (p. 4080).

Calendar No. 217

84TH CONGRESS }
1st Session }

SENATE

{ REPORT
No. 209

ALLOCATION OF REA FUNDS

APRIL 20 (legislative day, APRIL 18), 1955.—Ordered to be printed

Mr. HUMPHREY, from the Committee on Agriculture and Forestry,
submitted the following

R E P O R T

[To accompany S. 153]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 153) to amend the Rural Electrification Act of 1936, having considered the same, report thereon with a recommendation that it do pass with an amendment.

The present law requires that funds for making rural electrification loans be allocated among the States largely on the basis of the percentage of un electrified farms in each State. This formula has proven unsatisfactory in recent years due to the large percentage of farms now electrified and the demands for further service for electrification systems already in operation. As a result, it has been necessary to appropriate additional funds to take care of loan needs. Enactment of S. 153 would eliminate the necessity of appropriating such reserve funds, and immediate action on the bill is recommended.

The bill was referred to a subcommittee which held a hearing and reported favorably to the committee. The report of the subcommittee and the report from the Department of Agriculture are hereby attached as a part of this report.

REPORT OF SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE AND FORESTRY ON S. 153, APRIL 20, 1955.

Your subcommittee to whom was referred the bill (S. 153) to amend the Rural Electrification Act of 1936, having considered the same, report thereon with the unanimous recommendation that it do pass with an amendment.

This bill would repeal the provisions of the Rural Electrification Act of 1936 which require 50 percent of the annual sum available to REA to be allotted among the States on the basis of the number of un electrified farms and not more than 10 percent of the remainder to be allotted to any one State. Since 92.3 percent of the Nation's farms are now electrified, this basis for allotment is no longer suitable, prevents allotment on the basis of need, and makes appropriation of additional funds necessary.

Your subcommittee conducted hearings which are available in printed form. The bill has the approval of the National Rural Electric Cooperative Association, the American Farm Bureau Federation, the National Farmers Union, the Cooperative League of the USA, and the National Grange, as well as the Department of Agriculture. The first four of these organizations, however, recommend that the bill be amended to retain the annual unelectrified farm survey. Your subcommittee believes that this survey, apart from its use in the allotment formula, furnishes valuable information to Congress and the Administrator both in carrying out the purposes of the act and otherwise. The cost of the survey is about \$3,000 annually and your subcommittee recommends its retention. This could be accomplished by inserting on page 1, in line 11, after the period, the following: "The Administrator shall, within ninety days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving central station electric service."

The report of the Department of Agriculture is attached.

HUBERT H. HUMPHREY, *Chairman.*

W. KERR SCOTT.

KARL E. MUNDT.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., February 3, 1955.

HON. ALLEN J. ELLENDER,

*Chairman, Senate Committee on Agriculture and Forestry,
United States Senate.*

DEAR SENATOR ELLENDER: This is in reply to your request of January 12, 1955, for a report on S. 153, a bill to amend the Rural Electrification Act of 1936. The bill eliminates provisions governing the allotment of electrification loan funds among the several States.

We favor enactment of the bill and urge its consideration at the earliest possible date. The 1956 budget recommends a \$35 million reserve authorization for rural electrification loans which would be available "only if the provisions in effect January 1, 1955, of the allotment formulas set forth in paragraphs (c) and (d) of section 3 of said (Rural Electrification) Act are not repealed by a law enacted by the 1st session, 84th Congress." Enactment of S. 153 prior to consideration of and action upon the Department of Agriculture appropriation bill for fiscal 1956 would eliminate the need for inclusion of the \$35 million reserve loan authorization conditionally recommended in the budget.

Subsections (c), (d), and (e) of section 3 of the Rural Electrification Act as enacted and now in force prescribe a formula for the allotment of electrification loan funds. Fifty percent of the annual amount made available by the Congress must be allotted for loans in the several States in the proportion which the number of their unelectrified farms bears to the total number of unelectrified farms in the United States. Not more than 10 percent of the remaining 50 percent and of any carried-over funds may be loaned in one State or in all of the Territories.

In 1936 when the Rural Electrification Act was enacted, then available statistics showed about 1 out of 10 of our farms receiving central station electric service. There were large disparities between the individual States in respect to the percentage of farms electrified, ranging from 0.9 percent in Mississippi to 53.9 percent in California.

The allotment formula served the very useful purpose of assuring distribution of electrification loan funds where needed. It has now outlived its usefulness. As of June 30, 1954, it is estimated by REA that 92.3 percent of the Nation's farms are electrified. Farm electrification in 31 States exceeds the national average; in 43 States more than 85 percent of the farms are electrified.

The need for electrification loan funds can no longer be measured accurately on the basis of unelectrified farms. The only sound criteria are whether the loan is needed to accomplish the purposes of the act and whether it will meet statutory requirements. It is increasingly apparent that the greatest need for loans will arise where improvements must be made in systems built during the early days of rural electrification and where new or additional power sources must be provided to meet steadily growing demands for electricity on the farm.

Elimination of the allotment limitations will contribute to the more expeditious and effective conduct of the rural electrification program by (a) providing flexibility in its administration and making loan funds available for lending where and as needed rather than as prescribed by rigid limitations which are no longer

valid for the purpose for which they were established and (b) reducing annual requirements for loan funds which because of the existing limitations have necessarily been in excess of total actual loan needs. It will also remove the necessity for annual surveys of unelectrified farms which are burdensome and now needless.

The Congress has to some extent already been apprised of the need for re-examining the validity of these statutory limitations. Suggestion that the formula be changed was made on the floor of the Senate as early as May 18, 1949, during discussion of the provision for additional contingent electrification loan funds in the 1950 Agriculture Appropriation Act. The 1952 budget recommended elimination of the formula and the 1954 budget proposed a modification to permit freer use of the additional contingent amounts to be provided for that year. Amendments to the 1954 Agriculture Appropriation Act carrying out the budget proposal were offered from the floor of both the House and the Senate. Points of order were sustained against both amendments on the basis of their being legislation in an appropriation bill.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX, of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

RURAL ELECTRIFICATION ACT OF 1936, AS AMENDED

SEC. 3.

* * * * *

[(c) Fifty per centum of the annual sums herein made available or appropriated for loans for rural electrification pursuant to sections 4 and 5 of this title shall be allotted yearly by the Administrator for loans in the several States in the proportion which the number of their farms not then receiving central station electric service bears to the total number of farms of the United States not then receiving such service. The Administrator shall, within ninety days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving such service.

[(d) The remaining 50 per centum of such annual sums shall be available for rural electrification loans in the several States and in the Territories, without allotment as hereinabove provided, in such amounts for each State and Territory as, in the opinion of the Administrator, may be effectively employed for the purposes of this Act, and to carry out the provisions of section 7: *Provided, however, That not more than 10 per centum of said unallotted annual sums may be employed in any one State, or in all of the Territories.*]

[(e)] (c) If any part of the annual sums made available for the purposes of this Act [shall not be] *are not* loaned or obligated during the fiscal year for which [such sums] *they* are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following years or years [without allotment: *Provided, however, That not more than 10 per centum of said sums for rural electrification loans may be employed in any one State or in all of the Territories.*]. *The Administrator shall, within ninety days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving central station electric service.*

[(f)] (d) * * *

SEC. 4. The Administrator is authorized and empowered, from the sums hereinbefore authorized, to make loans for rural electrification to persons, corporations, States, Territories, and subdivisions and agencies thereof, municipalities, people's utility districts and cooperative, nonprofit, or limited-dividend associations organized under the laws of any State or Territory of the United States, for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing of electric energy to persons in rural areas who are not receiving central station service, and

loans from funds available under [the provisions of sections 3 (d) and 3 (e) but without regard to the 10 per centum limitation therein contained,] *section 3*, to cooperative associations for the purpose of enabling said cooperative associations and municipalities to the extent that such indebtedness was incurred with respect to electric transmission and distribution lines or systems or portions thereof serving persons in rural areas, to discharge or refinance long-term debts owed by them to the Tennessee Valley Authority on account of loans made or credit extended under the terms of the Tennessee Valley Authority Act of 1933, as amended: *Provided*, That the Administrator, in making such loans, shall give preference to States, Territories, and subdivisions and agencies thereof, municipalities, people's utility districts, and cooperative, nonprofit, or limited-dividend associations, the projects of which comply with the requirements of this Act. Such loans shall be on such terms and conditions relating to the expenditure of the moneys loaned and the security therefor as the Administrator shall determine and may be made payable in whole or in part out of the income: *Provided further*, That all such loans shall be self-liquidating within a period of not to exceed thirty-five years, and shall bear interest at the rate of 2 per centum per annum; interest rates on the unmatured and unpaid balance of any loans made pursuant to this section prior to September 21, 1944, shall be adjusted to 2 per centum per annum, and the maturity date of any such loans may be readjusted to occur at a date not beyond thirty-five years from the date of such loan: *And provided further*, That no loan for the construction, operation, or enlargement of any generating plant shall be made unless the consent of the State authority having jurisdiction in the premises is first obtained. Loans under this section and section 5 shall not be made unless the Administrator finds and certifies that in his judgment the security therefor is reasonably adequate and such loans will be repaid within the time agreed.

○

Calendar No. 217

84TH CONGRESS
1ST SESSION

S. 153

[Report No. 209]

IN THE SENATE OF THE UNITED STATES

JANUARY 6, 1955

Mr. THYE (for himself, Mr. AIKEN, and Mr. YOUNG) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

APRIL 20 (legislative day, APRIL 18), 1955

Reported by Mr. HUMPHREY, with an amendment

[Insert the part printed in italic]

A BILL

To amend the Rural Electrification Act of 1936.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 3 of the Rural Electrification Act of 1936,
4 as amended (7 U. S. C. 903), is amended by striking out
5 subsections (c), (d), and (e) and inserting in lieu thereof
6 the following:

7 “(c) If any part of the annual sums made available for
8 the purposes of this Act are not loaned or obligated during
9 the fiscal year for which they are made available, such un-
10 expended or unobligated sums shall be available for loans
11 by the Administrator in the following year or years. *The*

1 Administrator shall, within ninety days after the beginning of
2 each fiscal year, determine for each State and for the United
3 States the number of farms not then receiving central station
4 electric service.”

5 (b) Subsection (f) of section 3 of such Act is redesign-
6 nated as subsection (d).

7 SEC. 3. Section 4 of the Rural Electrification Act of
8 1936, as amended (7 U. S. C. 904), is amended by striking
9 out “the provisions of sections 3 (d) and 3 (e) but without
10 regard to the 10 per centum limitation therein contained”,
11 and inserting in lieu thereof “section 3”.

84TH CONGRESS
1ST SESSION

S. 153

[Report No. 209]

A BILL

To amend the Rural Electrification Act of 1936.

By Mr. THYE, Mr. AIKEN, and Mr. YOUNG

JANUARY 6, 1955

Read twice and referred to the Committee on
Agriculture and Forestry

APRIL 20 (legislative day, APRIL 18), 1955

Reported with an amendment

11. RURAL ELECTRIFICATION. S. 153, to repeal the State REA formula, was passed over at the request of Sen. Bible (p. 4241).
12. CONSERVATION ACREAGE. Sen. Humphrey spoke in support of S. 1396, to establish a Conservation Acreage Reserve "which is aimed at getting some of our surplus acreage out of grain production and back into grasslands" (pp. 4245-7).
13. LAND REFORM. Sen. Humphrey urged that the U. S. Government publicize its support of land reform and referred to the Ladejinsky case in this connection (pp. 4247-9).
14. FOREIGN TRADE. Sen. Gore urged the passage of H. R. 1, the trade agreements extension bill, and stated that, "Not only are cotton farmers, rice farmers, tobacco farmers, and wheat farmers interested in export trade, but so are 200,000 textile workers." Several other Senators discussed the pros and cons of this bill (pp. 4269-83).
15. RECLAMATION; ELECTRIFICATION. Sen. Morse spoke in favor of a Federally-financed high dam at Hells Canyon, and inserted several telegrams, letters, etc., in support of this project (pp. 4285-91).
16. FOREIGN AID. Sen. Lehman inserted a N. Y. Times editorial commending the President on his foreign aid policy as being "not merely wise and humane," but "conservative in the face of the need" (pp. 4229-30).
17. WHEAT. Received a N. Dak. Legislature resolution requesting the Secretary "to take appropriate steps to correct unwarranted and unfair discrimination in respect to acreage allotments for hard spring wheat farmers in North Dakota" (p. 4209).
Sen. Langer inserted a N. Dak. Farm Bureau (Jamestown) resolution protesting certain incentives, such as nonrecourse loans and high levels of parity supports, to increase the production of durum wheat (p. 4214).
18. PRICE SUPPORTS. Sen. Langer inserted a Farmers Union Local, Minot, N. Dak., resolution favoring 109% parity prices for farmers (p. 4214); and Farmers Union, McKenzie Co., N. Dak., resolutions urging an exemption of 100 acres from wheat acreage allotments to all farmers, 100% price supports on all agricultural products, etc. (pp. 4212-3).
19. RURAL ELECTRIFICATION. Sen. Humphrey inserted an East Central Electric Association (Braham, Minn.) resolution opposing the changes in the REA recommended by the Hoover Commission Task Force report (p. 4214).
20. DAIRY IMPORTS. Sen. Wiley discussed "the failure of foreign dairy products to conform to the high and exacting sanitary codes to which our American dairy products must comply," and inserted a Cheese Producers Marketing Association letter on this subject (p. 4228).
21. LABOR. Sen. Fulbright discussed a recent decision of the U. S. District Court for the District of Columbia, based on his amendment to the Walsh-Healey Act in 1952 permitting the Labor Dept. to review prevailing minimum-wage orders, and its effect on the textile industry wage scale; and inserted two articles on this subject (pp. 4267-8).

22. FARM LOANS. Rep. Patman and others criticized the increase in interest rates on disaster loans from 3% to 5%, deplored the decline in farm prices, and inserted several articles concerning the current economic situation (pp. 4192-9).
23. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 3948, to clarify the Federal Employees Uniform Allowance Act relative to enactment date (H. Rept. 438) (p. 4205).
24. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 2679, to amend the act to protect scenic values along Oak Creek Canyon and certain tributaries thereof within the Coconino National Forest, Ariz. (H. Rept. 437) (p. 4205).
25. ALASKA; PUBLIC LANDS. The Subcommittee on Territories, Interior and Insular Affairs Committee, ordered reported with amendments, H. R. 603, to remove certain conditions relating to the law granting additional public lands for the support and maintenance of the University of Alaska (p. D330).
26. FOREIGN AID. Both Houses received from the State Department a report on the Chinese emergency aid program (pp. 4205, 4207).
27. ORGANIZATION; EXECUTIVE. Received from the President a supplemental appropriation estimate for the fiscal year 1955 in the amount of \$263,475 for the Commission on Organization of the Executive Branch of the Government (H. Doc. 147); to the Appropriations Committee (p. 4204).
28. ROADS; HAWAII; TREATIES. Received petitions, etc., urging construction of highway known as the Navaho Trail and transfer to Hawaii of title to the remaining public lands and other public property in Hawaii; and supporting the Bricker amendment to limit the President's treaty-making powers (pp. 4205-6).
29. MONOPOLIES. Extension of remarks of Rep. Willis discussing recommendations of the Attorney General's committee to study the antitrust laws and inserting a Calif. and Hawaiian Sugar Refining Corp. resolution opposing certain proposed recommendations of the committee (pp. A2696-7).
30. IRRIGATION. Rep. Budge inserted a Capital Journal (Portland, Oreg.) editorial discussing hearings which were held on the proposed Hells Canyon Dam and stating that "there is a lot of opposition to this project" (p. A2698).
Rep. Johnson (Wis.) inserted a Wis. State Council of Carpenters resolution favoring the Hells Canyon Dam as a multiple power and irrigation project (pp. A2735-6).
31. SURPLUS COMMODITIES; FOREIGN TRADE. Extension of remarks of Rep. Willis criticizing the disposal of surplus commodities and stating that "...the cold fact is that our surplus farm commodities have not moved in the channels of foreign trade as contemplated and directed by Congress," and inserting correspondence with USDA and State Department on this subject (pp. A2698-9).
32. PERSONNEL. Rep. Holifield inserted Chet Huntley's recent radio address commenting on the relationship between Federal employees and the Nat'l Federation of Federal Employees (p. A2700).

of supplementary advances on loans at the time the extended period expires.

Mr. JOHNSON of Texas. Would it be agreeable to the minority calendar committee if at the conclusion of the calendar call this bill be considered by the Senate.

Mr. HRUSKA. I have no objection to that.

Mr. PURTELL. I have no objection.

Mr. ELLENDER. I do not believe that there will be any objection to placing in the bill a time limitation of the kind the Senator from Nebraska has reference to.

Mr. HRUSKA. A 2-year limitation would be agreeable to us.

Mr. ELLENDER. I ask unanimous consent, Mr. President, that the bill be placed at the foot of the calendar.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana, that the bill be placed at the foot of the calendar?

Mr. PURTELL. We have no objection.

The PRESIDING OFFICER. Without objection, the bill will be placed at the foot of the calendar.

AMENDMENT OF RICE MARKETING QUOTA PROVISIONS—BILL PLACED AT FOOT OF CALENDAR

The bill (H. R. 4647) to amend the rice marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, was announced as next in order.

Mr. PURTELL. Mr. President, I believe this bill involves a new policy, and therefore I object to the bill being considered at this time. I believe it should be debated on the floor.

Mr. JOHNSON of Texas. Would it be agreeable to the Senator if I moved to take it up at the conclusion of the call of the calendar?

Mr. PURTELL. I would have no objection.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the bill be placed at the foot of the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONVEYANCE OF CERTAIN LAND IN OKLAHOMA TO THE CITY OF WOODWARD, OKLA.

The bill (S. 998) to authorize the conveyance of a certain tract of land in the State of Oklahoma to the city of Woodward, Okla., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc. That the Secretary of Agriculture is authorized and directed to convey by quitclaim deed to the city of Woodward, Okla., all of the right, title, and interest of the United States in and to the following-described land situated in Woodward County, Okla.:

Beginning at a point 66.0 feet south and 283.0 feet west of the northeast corner of the northwest quarter of section 35, township 23 north, range 21 west, Indian meridian, and running thence south 273.0 feet, thence west 150.0 feet, thence north 273.0 feet, thence east 150.0 feet to the point of beginning, all lying in the northwest quarter of section 35, township 23 north, range

21 west, Indian meridian, and including an area of 0.940 acre more or less.

SEC. 2. The conveyance authorized by this act shall be made subject to (a) the condition that the city of Woodward, Okla., pay into the Treasury of the United States, in return for the land conveyed, an amount equal to 50 percent of the fair market value of such land to be determined by the Secretary of Agriculture after appraisal of such land, and (b) such other conditions, limitations, or reservations as the Secretary may deem necessary to protect the interests of the United States.

AMENDMENT OF RICE QUOTA MARKETING PROVISIONS

The bill (H. R. 2839) to amend the rice marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, was considered, ordered to a third reading, read the third time, and passed.

RICE ALLOTMENT HISTORY

The bill (H. R. 4356) to amend the Agricultural Adjustment Act of 1938, with respect to rice allotment history was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF RURAL ELECTRIFICATION ACT OF 1936—BILL PASSED OVER

The bill (S. 153) to amend the Rural Electrification Act of 1936 was announced as next in order.

Mr. BIBLE. Mr. President, I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

REPEAL OF SECTION 348 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938—BILL PASSED OVER

The bill (H. R. 1573) to repeal section 348 of the Agricultural Adjustment Act of 1938 was announced as next in order.

Mr. BIBLE. Mr. President, I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. JOHNSTON of South Carolina. Mr. President, I ask that after the call of the calendar, H. R. 1573 be considered by the Senate.

Mr. JOHNSON of Texas. Mr. President, the Senator from South Carolina and several other Senators are very much interested in this proposed legislation, but we are not in position to debate it today. I gave Senators assurance that if it were objected to today on the call of the calendar it would be taken up at an early date.

Mr. JOHNSTON of South Carolina. Mr. President, if it is to be passed, it will have to be passed within the next few days in order to relieve the situation of the farmers.

Mr. JOHNSON of Texas. I assure the Senator from South Carolina that I shall be glad to talk to him about a convenient date when the measure can be considered by the Senate.

Mr. JOHNSTON of South Carolina. I thank the Senator from Texas.

OPERATION OF GOVERNMENT TIN SMELTERS AT TEXAS CITY, TEX.

The concurrent resolution (S. Con. Res. 26) providing for the continued operation of the Government tin smelters at Texas City, Tex., was considered and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring). That it is the sense of Congress that, pursuant to the provisions and authority of Public Law 125, 80th Congress, as amended, the Government tin smelter at Texas City, Tex., shall be continued in operation until June 30, 1956, and so long thereafter as may be hereafter authorized by the Congress.

SEC. 2. The President is hereby requested to have conducted a study and investigation for the purpose of recommending the most feasible methods of maintaining a permanent domestic tin-smelting industry in the United States; and, in connection with such study and investigation, the Federal Facilities Corporation, or any other designee of the President, is requested to show the plant and facilities to any interested persons and to provide them with all necessary and appropriate information within the limits of security considerations upon which to base appraisals and to formulate proposals to the Government for the future operation of the smelter by the Government or under private lease or ownership arrangements.

SEC. 3. The President is requested to report to the Congress prior to March 31, 1956, the findings of this study and his recommendations with respect to the future operation of the tin smelter.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to insert in the body of the RECORD a brief statement prepared by me concerning Senate Concurrent Resolution 26.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHNSON OF TEXAS
I strongly urge passage of Senate Concurrent Resolution 26.

This resolution proposes to continue operation of the Government tin smelter at Texas City, Tex., until June 30, 1956, and thereafter as authorized by Congress.

The resolution also requests the executive branch to conduct a study in order to be prepared to present to the Congress recommendations regarding the most feasible methods of maintaining a permanent domestic tin-smelting industry in the United States—whether under Government ownership or private ownership.

Unless this resolution is enacted, operation of the tin smelter will end on June 30 of this year. This, I am convinced, would be contrary to our national interests.

The United States is in this position: It is the largest single consumer of tin in the world; it must depend on foreign sources for virtually its entire supply of tin.

There is only one tin smelter in the Western Hemisphere—that in Texas. There is only one principal source of tin ore in the Western Hemisphere—Bolivia.

These two facts are of great significance, taken in conjunction with each other.

For the sake of our national security; as an aid to maintaining the free economy of the nation of Bolivia; and to lessen the risk of our being subjected to price gouging by those controlling foreign tin supplies, continued operation of the North American tin smelter using South American tin ore is essential.

I urge that the Senate adopt the resolution approved by the Committees on Armed Services and Banking and Currency.

The PRESIDING OFFICER. That completes the regular call of the calendar. The bill passed to the foot of the calendar will be stated.

EMERGENCY ASSISTANCE TO FARMERS AND STOCKMEN

The bill (S. 1372) to amend the act of April 6, 1949, to extend the period for emergency assistance to farmers and and stockmen was announced as next in order.

Mr. POTTER. Mr. President, I have some remarks to make which are not related to the bill.

Mr. JOHNSON of Texas. Mr. President, I ask the Senator from Michigan if he will withhold his remarks. There are only two more bills remaining on the calendar.

Mr. POTTER. Mr. President, I shall be happy to do so.

Mr. HRUSKA. Mr. President, with reference to Senate bill 1372 there is in course of preparation language which will permit of the imposition of a time limitation with reference to supplementary loans.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1372) to amend the act of April 6, 1949, to extend the period for emergency assistance to farmers and stockmen.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Louisiana.

The LEGISLATIVE CLERK. On page 1, line 10, it is proposed to strike out the first period and insert a comma, and the following: "but no such loans shall be made in any event after July 14, 1959."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 2 (c) of the act of April 6, 1949, as amended, is further amended by striking the word "two" from the first sentence of said subsection and inserting the word "four" and by adding after the first sentence of the said subsection the following new sentence: "After the expiration of the period specified herein, such loans may be made only for supplementary advances to producers indebted for loans made under this subsection, but no such loans shall be made in any event after July 14, 1959."

RELIEF FOR FARMERS AND FARM WORKERS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of order No. 210, Senate bill 1628, to provide relief for farmers and farm workers suffering crop losses or loss of employment because of damage to crops caused by drought, flood, hail, frost, freeze, wind, insect infestation, plant disease, or other natural causes.

There being no objection, the Senate proceeded to consider the bill (S. 1628)

which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. RUSSELL. Mr. President, I understand the committee amendments have been agreed to. The bill vests the Secretary of Agriculture with power to proceed in cases of disaster such as are outlined in the bill. There is nothing compulsory on the Secretary. Being wholly a discretionary measure, I hope there will be no objection to it.

Mr. JOHNSTON of South Carolina. Mr. President, this bill would provide relief to producers in areas suffering natural disasters by permitting the Secretary of Agriculture to allot them additional acreage for the production of commodities subject to production controls. The disaster which gave rise to this bill was the freeze which occurred in many States in late March. Producers, farm workers, and others in these areas will suffer severe hardship if substitute crops cannot be planted. In many cases the planting of substitute crops is prevented by acreage allotments, and this bill would provide a measure of relief in those cases.

The committee amendments, first, make it entirely discretionary with the Secretary as to the amount of relief, if any, to be accorded to any and all producers; and, second, strike out a provision requiring additional allotments to provide all farmers with a livelihood.

The additional acreage allotted under the bill for any crop for any year would be limited to the smaller of first, 500,000 acres or second, 3 percent of the national allotment for such crop.

Mr. AIKEN. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. AIKEN. May I ask the Senator from South Carolina if the bill as reported from the committee is agreeable to him.

Mr. JOHNSTON of South Carolina. All of the amendments have been adopted, and the matter is left discretionary with the Secretary.

Mr. AIKEN. It is discretionary, not mandatory. Is that correct?

Mr. JOHNSTON of South Carolina. That is correct.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment and third reading of the bill.

The bill (S. 1628) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc.,—

CONGRESSIONAL FINDINGS

SECTION 1. The Congress hereby finds (1) that crop losses due to drought, flood, hail, frost, freeze, wind, insect infestation, plant disease, or other natural causes result in severe hardship, suffering, and economic loss, not only in the case of operators of farms but in the case of their tenants and employees as well; (2) that, by reason of acreage limitations or other production controls, farmers suffering such losses are often prevented from planting other crops to replace those lost or damaged; (3) that as a result thereof agricultural workers and other persons dependent on such crops for a livelihood are forced to seek other employment thus caus-

ing dislocation of populations and other trends which tend to unbalance existing ratios between rural and urban populations; (4) that the economies of the areas affected are thereby disrupted and the economy of the entire Nation adversely affected.

STATEMENT OF PURPOSES

SEC. 2. It is the purpose of this act to alleviate hardship, suffering, and economic losses resulting from disastrous loss or damage to agricultural crops due to natural causes, and to prevent serious dislocation of populations, and other adverse effects on the economies of the areas affected and the Nation, by making possible the planting of additional acreage of other crops which will in part replace those destroyed or damaged and thus provide a livelihood for farm operators and workers who would otherwise be forced to seek other means of support for themselves and their families.

INCREASE IN ACREAGE ALLOTMENTS

SEC. 3. (a) Whenever the Secretary of Agriculture determines—

(1) that in any area any agricultural crop which is important to the economy of such area has been destroyed or severely damaged by drought, flood, hail, frost, freeze, wind, insect infestation, plant disease, or other natural cause; and

(2) that, except for acreage limitations or other production controls, other crops could be planted to replace or supplement the crop destroyed, or damaged, the Secretary, upon application by the operator of any farm within such area, may cause to be allotted to such farm additional acreage for the planting of any such crop in such amount as the Secretary determines to be advisable to carry out the purposes of this act.

(b) The aggregate of the additional acreage allotted for any crop year under this section for the planting of any agricultural commodity shall not exceed (1) 500,000 acres, or (2) 3 percent of the national acreage allotment for such commodity for such year, whichever is smaller.

ADDITIONAL ACREAGE NOT TO BE CONSIDERED FOR PURPOSE OF FUTURE ALLOTMENTS

SEC. 4. The additional acreage authorized to be allotted to farms under this act for any year shall be in addition to the county, State, and national acreage allotments for such year. Such additional acreage shall not be taken into account in establishing future State, county, and farm acreage allotments.

DEFINITION OF AGRICULTURAL CROP

SEC. 5. As used in this act, the term "agricultural crop" means any crop of a product of the soil, including horticultural crops.

TERMINATION DATE

SEC. 6. This act shall cease to be in effect on June 1, 1958.

Mr. WILLIAMS subsequently said: Mr. President, earlier today the Senate passed Senate bill 1628, Calendar No. 210, a bill to provide relief of farmers and farmworkers suffering crop losses or loss of employment because of damage to crops caused by drought, flood, hail, frost, freeze, wind, insect infestation, plant disease, or other natural causes. I had filed an objection to the bill, but it was inadvertently overlooked. Therefore, Mr. President, at this time I enter a motion to reconsider the vote by which Senate bill 1628 was passed.

The PRESIDING OFFICER. The motion to reconsider will be entered.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 3, 1955
For actions of May 2, 1955
84th-1st, No. 71

CONTENTS

Acresage allotments.....15,23,31,46	Farm credit.....6	Relief, domestic.....2
Agricultural appropriations...1,12,24	Food.....16	Research.....12;26,42
Appropriations.12,17,24,42	Foreign aid.....30	Rice.....46
Atomic energy.....45	Forestry.....4,12,28	Roads.....17
Auditing.....10,19	Fruits and vegetables..42	Surplus commodities.....2,13
Banking and currency.....8	Grain storage.....20	Textiles.....13,29
Civil defense.....17	Lands, transfer.....7,28	Tobacco.....14
Commodity exchanges.....6	Legislative program...24	Trade agreements.....13,24
Conservation.15,23,26,28,40	Loans, farm.....10,19,44	Transportation.....27
Cooperatives.....3	Marketing.....37	Treaties.....21
Cotton.....31	Monopolies.....41	Virgin Islands.....12
Dairy industry.....11	Penalty mail.....38	Water resources.....5,36,40
Electrification.....6,34	Personnel.....3,22,25,39	Weed control.....12
Expenditures.....22	Prices, farm.....33	Wheat.....15
Export-Import Bank.....18	support.....14,15,31	Wind erosion.....26
	Raw materials.....16	
	Reclamation.....32,35,43	

HIGHLIGHTS; Senate committee reported appropriation bill which includes Forest Service items. House conferees were appointed on USDA appropriation bill. House committee ordered reported bills to donate flour and meal to needy, repeal REA State formula, give CEA subpoena power, authorize land banks to purchase FFMC assets. Senate debated trade agreements bill. Sen. Clements commended tobacco referendum results and spoke in favor of 90% price supports. Sen. Humphrey urged farmers to continue wheat quotas and criticized flexible price supports. Sen. Martin, Pa., introduced and discussed bill to provide more State participation in water projects.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL, 1956. Reps. Whitten, Marshall, Deane, Natcher, Cannon, Andersen, Horan, Vursell, and Taber were appointed House conferees on this bill, H. R. 5239 (p. 4522). The conferees met but did not complete their work (p. D361).
2. SURPLUS COMMODITIES. The Agriculture Committee ordered reported (with an amendment in the nature of a substitute) H. R. 2851, providing for HEW to purchase flour and meal from USDA and donate it to the needy (p. D359).
3. PERSONNEL. Passed without amendment H. R. 3948, to remove the limitation that uniform allowances may be provided only to those who were required to wear uniforms when the Federal Employees Uniform Allowance Act was passed in 1954 (p. 4527). This bill will now be sent to the President.
Rep. Pelly spoke in favor of immediate passage of a classified pay raise bill (p. 4525).
4. FORESTRY. Passed without amendment H. R. 2679, to protect scenic values along Oak Creek Canyon in Coconino National Forest, Ariz. (p. 4527). A companion bill, S. 52, has been reported in the Senate.

5. WATER RESOURCES. Passed as reported H. R. 208, consenting to a compact between Ark. and Okla. regarding Arkansas River waters (p. 4529). This bill had been reported earlier in the day with amendment (H. Rept. 463)(p. 4534).
6. RURAL ELECTRIFICATION; ~~COMMODITY EXCHANGES; FARM CREDIT~~. On Apr. 29 the Agriculture Committee voted to report H. R. 5376, to repeal the State allotment formula for REA; ~~H. R. 4514, to authorize subpoenas under the Commodity Exchange Act; and S. 941, to authorize the Federal land banks to purchase certain remaining assets of the Federal Farm Mortgage Corporation~~ (p. D359).
7. LAND TRANSFER. The Agriculture Committee ordered reported H. R. 1762, to direct sale of a tract of ARS land to Woodward, Okla. (p. D359).
8. BANKING AND CURRENCY. Both Houses received a message from the President recommending U. S. membership in the International Finance Corporation (H. Doc. 152); to Banking and Currency Committees (pp. 4522-3, 4516).
9. COOPERATIVES. Rep. Mason spoke in favor of H. R. 141, to amend the Capper-Volstead Act so as to provide for antitrust actions against large farmer cooperatives under certain circumstances (p. 4533).
10. FHA AUDIT. Received from the Comptroller General a report on the audit of the Farmers' Home Administration; (to Government Operations Committee (p. 4534).
11. CHEESE. Rep. Johnson, Wis., announced that Wisconsin cheese would be served in the Capitol dining rooms (pp. 4524-5).

SENATE

12. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL FOR 1956. The Appropriations Committee reported with amendments this bill, H. R. 5085 (S. Rept. 261)(p. 4472). Attached is a table showing actions relating to FS and ARS. In addition, the committee added \$100,000 for weed control by the Bureau of Land Management. The bill also includes \$400,000 for salt-water research and \$390,000 for the Virgin Islands Corporation. Majority Leader Johnson indicated that the bill will probably be debated this week (pp. 4517-8, 4520).
13. TRADE AGREEMENTS. Began debate on H. R. 1, the trade agreements extension bill; adopted all committee amendments (See Digest 68) en bloc; agreed that the bill, as so amended, would be considered as original text for the purpose of further amendment; and adopted a technical, clarifying amendment by Sen. Byrd (pp. 4489-90, 4493-4510, 4512-20).

During debate on this bill Senators Byrd and Thye discussed the provisions to impose quotas on agricultural products under sec. 22 of the Agricultural Adjustment Act (pp. 4497-8), Sen. Robertson stated that the cotton-textile industry has little to fear from enactment of the bill (pp. 4506-8), and Sen. Mansfield stated that one of the most important answers to the agricultural surplus problem is an expanded foreign market (pp. 4513-6).
14. TOBACCO ALLOTMENTS; PRICE SUPPORTS. Sen. Clements stated that the results of the burley tobacco referendum demonstrate "an overwhelming acceptance by the growers of further reductions in acreage," and spoke in favor of 90% price supports on basic commodities (pp. 4483-4). Sen. Barkley commended the burley tobacco farmers on "this magnificent vote" for reduced acreage allotments (pp. 4483-4).

12. FARM LOANS. Passed as reported S. 651, to extend the direct loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to correspond to the expiration dates provided for guaranteed loans (pp. 4880-1).
13. RURAL ELECTRIFICATION. Discussed and, at the request of Sen. Stennis, passed over S. 153, to amend the Rural Electrification Act so as to eliminate the requirement that not more than 10% of the loans may be made in any one State (pp. 4881-2). Majority Leader Johnson announced that this bill will be considered on Monday.
14. WAR-RISK INSURANCE. Passed as reported S. 741, to amend title XII of the Merchant Marine Act, 1936, relating to war risk insurance, in order to repeal the provision which would terminate authority to provide insurance under such title (p. 4891).
15. PROPERTY AND ADMINISTRATIVE SERVICES. Received from GSA a proposed bill "to amend the Federal Property and Administrative Services Act of 1949, as amended, and for other purposes"; to Government Operations Committee (p. 4856).
16. DAIRY INDUSTRY. Sen. Aiken inserted a statement by Elmer Towne, commissioner of agriculture for Vermont, objecting to criticism of the dairy industry (p. 4877).
17. PERSONNEL. Discussed and, at the request of Sen. Ellender, passed over S. Res. 33, providing for an investigation of the administration of the Civil Service Commission and the Post Office Department (p. 4879).
18. PATENTS. Discussed and, at the request of Sen. Ellender, passed over S. Res. 92, providing funds for an examination and review of the administration of the Patent Office and of the statutes relating to patents, trademarks, and copyrights (pp. 4879-80).
19. POTATOES. Received a Maine Legislature resolution requesting an investigation of the mercantile exchange for the purpose of providing greater stability in the potato industry. Sen. Payne stated that the Banking and Currency Committee is looking into this matter with a view toward a thorough investigation and new legislation if the preliminary inquiries indicate such action necessary, and that the CEA is also looking into the potato situation. (p. 4858.)
20. WEATHER RESEARCH. Sen. Anderson^{inserted} and discussed a N. Mex. Legislature resolution requesting legislation to prohibit the seeding of clouds or the use of other methods of inducing rain or snowfall until sufficient scientific data are collected and adequate regulations are established (pp. 4858-9).
21. FOREIGN AID. Sen. Lehman inserted and commended a CIO letter analyzing and supporting the foreign economic aid program (pp. 4864-5).
22. HEALTH. Sen. Neuberger spoke in favor of a positive program for distribution of the polio vaccine, stated that the lack of such a program would discriminate particularly against farm children, and inserted an editorial and letters on this subject (pp. 4893-4).
23. ADJOURNED until Mon., May 9 (p. 4897). Legislative program for next week (no specific dates given), as announced by Majority Leader Johnson: Bills to amend REAct, authorize subpoenas under CEA, repeal ACP-acreage allotments tie-in, CCC claims on fungible goods, and provide indemnity payments for vesicular exanthema (pp. 4889, 4893, 4897).

BILLS INTRODUCED

24. FORESTRY; RECLAMATION. S 1904, by Sen. Bible, to authorize the establishment by the Government of recreational facilities in certain reservoir areas of reclamation projects having a national significance; to Interior and Insular Affairs Committee (p. 4859). Remarks of author (pp. 4859-60).
25. IRRIGATION, LANDS. S 1908, by Sen. Langer, providing for the purchase by the United States of lands within the Lewis and Clark Irrigation Farms project, McKenzie County, N. Dak.; to Public Works Committee (p. 4859).
26. CONSERVATION. H. R. 6052, by Rep. Knutson, to establish a conservation acreage reserve, to promote conservation improvement of agricultural soil and water resources in relation to watershed development, to stabilize farmers' income, to adjust total agricultural production to consumer and export needs, to maintain an abundant and even flow of farm commodities in interstate commerce; to Agriculture Committee (p. 4974).
H. R. 6062, by Sen. Johnson, Wis., to amend the Soil Conservation and Domestic Allotment Act so as to permit the making of payments to farmers for certain water-conservation practices; to Agriculture Committee (p. 4974).
27. FLOOD CONTROL. H. R. 6066, by Rep. Sisk, authorizing modification of the project for flood protection on the San Joaquin River and tributaries, California; to Public Works Committee (p. 4974).
28. FARM LOANS. H. R. 6067, by Rep. Smith, Miss., to amend section 2 of the National Housing Act to authorize the insurance of loans made to finance the installation of irrigation systems and facilities; to Banking and Currency Committee (p. 4974).
29. WATER RESOURCES. H. R. 6069, by Rep. Trimble, to promote and to establish policy and procedure for the development of water resources of lakes, rivers, and streams; to Public Works Committee (p. 4974).
30. LANDS. H. R. 6071, by Rep. Vinson, to authorize the conveyance of lands acquired pursuant to the Bankhead-Jones Farm Tenant Act; to Agriculture Committee (p. 4974).
31. SEED-STORAGE. H. Con. Res. 122, by Rep. Moulder, expressing the sense of the Congress that a national seed-storage facility should be established by the Secretary of Agriculture; to Agriculture Committee (p. 4974).

ITEMS IN APPENDIX

32. PRICE SUPPORTS. Rep. Simpson inserted a New York Times editorial, "Farm Props Versus Wage Floors," stating that "any labor leader who believes that high, rigid price supports and a strong agriculture are interchangeable terms for the same thing, ... is proceeding on a seriously mistaken assumption" (pp. A 3049-50).
Rep. Van Pelt inserted a Daily Record (St. Paul, Minn.) editorial opposing H. R. 12 as "useless, harmful legislation" (p. A3053).
33. RESEARCH. Rep. Ashley inserted an Ohio Home Economics Association resolution "strongly protesting the realignment of home economics research in the USDA ..." (pp. A3040-1).

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend the Servicemen's Readjustment Act of 1944 to extend the authority of the Administrator of Veterans' Affairs to make direct loans, and to authorize the Administrator to make additional types of direct loans thereunder, and for other purposes."

CONVEYANCE OF CERTAIN WAR-HOUSING PROJECTS TO THE CITY OF WARWICK, VA., AND THE CITY OF HAMPTON, VA.

Mr. SPARKMAN. Mr. President, may I be recognized to ask the majority leader a question?

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SPARKMAN. I wish to ask about Calendar No. 245, Senate bill 755, to authorize the conveyance of certain war-housing projects in the city of Warwick, Va., and the city of Hampton, Va. Has that bill been acted on?

Mr. JOHNSON of Texas. No. It is not scheduled.

Mr. SPARKMAN. The bill is completely noncontroversial, and even though notice has not been given, I am sure we can dispose of the bill. I am sure the Senator from Indiana [Mr. CAPEHART] will agree with me that there is no controversy about the bill.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. First, I should like to reply to the Senator from Alabama. We follow a certain procedure in the Senate, namely, that of outlining the order numbers on the calendar which are to be considered, and submitting them to the minority leader. The minority leader usually has his own methods of checking with which I am not familiar.

Mr. SPARKMAN. Very well. I may say that the bill was agreed to, not only by all members of the committee, but by all Government departments concerned. There were three amendments which it was suggested should be added to the bill.

Mr. CAPEHART. Mr. President, I see no reason why Calendar No. 245 should not be passed, but it is satisfactory to me to have its consideration deferred.

Mr. JOHNSON of Texas. Mr. President, I should like to have the attention of the Senator from Indiana [Mr. CAPEHART] and the Senator from Alabama [Mr. SPARKMAN].

I am informed that there is an error in the RECORD. When the order numbers of bills were read last night, Calendar No. 245 was read, and notice was thereby given, but that number was not included in the RECORD. I have been following the numbers listed in the RECORD.

Therefore, Mr. President, I move that the Senate proceed to the consideration of Calendar No. 245, S. 755.

The PRESIDING OFFICER. The question is on the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill

(S. 755) to authorize the conveyance of certain war-housing projects to the city of Warwick, Va., and the city of Hampton, Va., which had been reported from the Committee on Banking and Currency, with amendments, on page 1, line 5, after the word "him", to insert "on the basis of an appraisal made by an independent real estate expert"; on page 2, line 15, after the word "all", to insert "of the right, title, and interest of the United States in and to both"; in line 19, after the word "determine", to insert a comma and "and the amount received for each project shall be reported by the Administrator to the Banking and Currency Committee of the Senate and the Banking and Currency Committee of the House of Representatives"; and at the top of page 3, to insert:

SEC. 2. The provisions of this act shall be effective only during the period ending 6 months after the date of approval hereof.

So as to make the bill read:

Be it enacted, etc., That, notwithstanding any other provisions of law, the Housing and Home Finance Administrator is authorized to sell and convey at fair market value as determined by him on the basis of an appraisal made by an independent real estate expert (a) (1) to the city of Warwick, Va., or to a public housing authority for such city, or to any agency or corporation, established or sponsored in the public interest by such city, all of the right, title, and interest of the United States in and to War Housing Project VA-44061, and that portion of War Housing Project VA-44067 which lies within the limits of said city of Warwick, and (2) to the city of Hampton, Va., or to a public housing authority for such city, or to any agency or corporation, established or sponsored in the public interest by such city, all of the right, title, and interest of the United States in and to that portion of War Housing Project VA-44067 which lies within the limits of the city of Hampton, or (b) to the cities of Warwick and Hampton, Va., jointly, or to a public housing authority for such cities, or to any agency or corporation jointly established or sponsored in the public interest by such cities, all of the right, title, and interest of the United States in and to both or either of the projects mentioned in (1) and (2) above. Any sale pursuant to this authorization shall be on such terms and conditions as the Administrator shall determine, and the amount received for each project shall be reported by the Administrator to the Banking and Currency Committee of the Senate and the Banking and Currency Committee of the House of Representatives.

SEC. 2. The provisions of this act shall be effective only during the period ending 6 months after the date of approval hereof.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF RURAL ELECTRIFICATION ACT OF 1936

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar Order No. 217, Senate bill 153, and I call the attention of the Senator from Mississippi and the Senator from Minnesota to the bill.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 153) to amend the Rural Electrification Act of 1936.

Mr. STENNIS. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. Mr. President, I do not have the floor. I made a motion.

Mr. STENNIS. Was the motion of the Senator from Texas that the Senate proceed to the consideration of the bill?

Mr. JOHNSON of Texas. Yes.

Mr. STENNIS. Mr. President, I ask the Senator from Texas to withdraw the motion. This is the bill to which I objected during the first part of the week. There has not been time to examine into the far-reaching effects of the bill, which would abolish a national formula for the distribution of all the funds involved in REA loans. There is certainly no emergency about it.

Time has not been afforded me to look into the matter since I objected to the bill on the floor. As all Senators know, the Senate was in session until 10:30 p. m. last night, and meetings have been in progress all week by the Committee on Appropriations. I am planning to look into the bill over the weekend, which I definitely promise to do. However, there has been no opportunity up to now to look into the question on its merits.

Mr. JOHNSON of Texas. Mr. President, I shall be glad to withdraw my motion. However, I should like to announce—

The PRESIDING OFFICER. Without objection, the motion of the Senator from Texas is withdrawn.

Mr. JOHNSON of Texas. Mr. President, may I complete my announcement, please?

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. JOHNSON of Texas. This bill has been on the calendar now since April 20. I realize the very deep interest which the Senator from Mississippi has in the proposed legislation. I have had several discussions with him about it in the past several days. There are also many other Senators who are interested in having the bill considered by the Senate, where it can be debated and voted on.

I do not know that any great emergency is involved; but I do know that many people throughout the Nation who are interested in REA feel that under the existing formula, money which is required to be allocated to the States is not used by the States.

I thought sufficient time had been given the Senator from Mississippi to look into the matter. When we passed over the bill in the early part of the week, it was announced then that it would be taken up as soon as it could be reached. We have free time now, and we probably shall have on Monday, also.

I will say to the Senator from Minnesota and to the other Senators who have talked to me about the bill that I hope they will understand our failure to take up the bill today. We shall have time to take it up on Monday, and on Monday I shall move the consideration of the bill.

I hope the Senator from Mississippi will have a chance over the weekend to look into the bill.

Mr. STENNIS. Mr. President, I appreciate the attitude of the Senator from Texas, and I will look into the bill over the weekend, and will try to be prepared on Monday.

Mr. HUMPHREY. Mr. President, I appreciate the statement the majority leader has made, and also the consideration he has given to our friend, the distinguished Senator from Mississippi.

I wish the Senator from Mississippi to know that, following his inquiry about the bill, I contacted the REA Association and the National Electric Cooperative Association, as well as the professional staff of the Committee on Agriculture and Forestry, as to the effect of the bill on his particular State. I can assure the Senator from Mississippi that every report I have received from all three of those sources indicates that the bill would be beneficial, rather than detrimental, to his State.

The problem involved here is that literally millions and millions of dollars of funds are tied up under a formula; no one can touch the funds because in the law there is a particular formula which no longer is applicable to the existing situation. The truth of the matter is—and the Senator from Mississippi has every right to be concerned, because his State has problems which are unique to it, in terms of the REA—that 15.6 percent of all the unelectrified farms in the Nation are in Mississippi; 25.4 percent of the farms in Mississippi are unelectrified.

Mr. STENNIS. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. STENNIS. Before the Senator from Minnesota leaves with the Senate the impression that there is any emergency in connection with this bill, or that anyone will suffer in the least if action on it is deferred, let me call attention to the fact that last week the Senate passed an appropriation bill carrying sufficient funds to insure that the operation of the present formula—which Senators have proposed to repeal—will not injure anyone.

Furthermore, the House of Representatives has passed the same appropriation bill, carrying the same funds, and even though the bill is in conference, those paragraphs of it are not in conference. So we may say that that particular appropriation lacks only the signature of the President of the United States to insure that no one will be hurt if the formula is not changed or if the bill we are discussing is not passed.

So I desire to assure the Senator from Minnesota and all other Senators that I am not trying to delay for one moment action on the bill. I am not any busier than any other Member of the Senate; but everyone knows what a busy week the Senate has had. I do not understand that there is any present urgency all of a sudden, to have the bill passed. No one is being hurt or injured.

I am referring these remarks to the Senator from Minnesota, who has urged me to lay all other business aside during the week and to confer with the REA authorities. I told those in the REA that

I would get to the matter as soon as I could. I had in mind doing so on Friday.

The Senator from Minnesota has unusual energy, and I admire him for it; and I do not think he is trying to take advantage of anyone. But I wish to say that there is no emergency requiring us to take immediate action on the bill. There is time to have the bill follow the usual course.

I thank the Senator from Minnesota for yielding to me.

Mr. HUMPHREY. Mr. President, I was trying to say that there is good reason for the Senator from Mississippi to be concerned. I have no special interest, as such, in this measure, except under my responsibility as chairman of the subcommittee.

I am delighted that the Senator from Mississippi has more time in which to look into this matter, and I think he should have the additional time. I was only pointing out that this is a particular problem in the State which he is so honored to represent in part in the Senate, and that nothing which would jeopardize his State will be done. He will have my full cooperation, not only in this matter, but in a host of others.

Mr. STENNIS. I thank the Senator from Minnesota.

Mr. THYE. Mr. President, will my colleague yield to me?

Mr. HUMPHREY. I yield.

Mr. THYE. Let me say that I am the author of the bill and that I introduced it because of the fact that the administration and the REA directors recognized that under the old formula system, year after year, when certain funds were lying earmarked for a particular State, in many cases the State had no way of making use of them. Thus, we had a situation in which certain appropriated funds were not serving the purposes of the REA in the way all of us would like to see those purposes served. For instance, funds might be earmarked for Minnesota, whereas they might well be used in Mississippi, to improve the rural electrification program in that State.

So much progress has been made that there is no longer any need to give special protection, by means of earmarking funds, to the States having the smaller populations.

At this time we would prefer to make the funds available to the entire REA program throughout the Nation, and have the directors of the REA use the funds where they can best be used to promote and further the program.

I have no desire to have the bill rushed through, if it pleases the Senator from Mississippi to have action on the bill delayed for 1 week. The bill has previously been passed over.

Of course, the quicker we get the program developed on the basis of freeing funds which now are tied up by being earmarked for a State which is not ready to use them, the more rapidly will the program be advanced. But I assure the Senator from Mississippi that I am not by any means trying to have sudden action taken on the bill.

Mr. JOHNSON of Texas. Mr. President, I withdraw my motion to have the Senate consider the bill.

Mr. STENNIS. I am glad the Senator from Texas has acceded to my request.

REVISION OF BOUNDARIES OF THE THEODORE ROOSEVELT NATIONAL MEMORIAL PARK, N. DAK.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 251, Senate bill 1529, to revise the boundaries of the Theodore Roosevelt National Memorial Park; and I call the attention of the Senator from North Dakota to the motion.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1529) to revise the boundaries of the Theodore Roosevelt National Memorial Park, in the State of North Dakota, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with amendments on page 1, after the word "of", to strike out "200" and insert "140"; on page 2, line 3, after the word "easterly", to insert "10 feet", and after the word "and", to strike out "200" and insert "140", line 4, after the word "Avenue", to insert "to a point 150 feet westerly of the westerly right-of-way line of Main Street; thence northerly 20 feet along a line parallel to and 150 feet westerly of the westerly right-of-way line of Main Street to a point on a line parallel to and 160 feet northerly of the northerly right-of-way line of Third Avenue; thence easterly along said line a distance of 150 feet to a point on the westerly right-of-way line of Main Street; thence northerly a distance of 40 feet along said westerly right-of-way line of Main Street to a point 200 feet northerly from the northwest corner of the intersection of Third Avenue and Main Street; thence easterly along a line parallel to and 200 feet northerly of the northerly right-of-way line of Third Avenue"; and in line 17, after the word "of", to strike out "1,110" and insert "970", so as to make the bill read:

Be it enacted, etc., That the following-described lands are hereby made a part of the Theodore Roosevelt National Memorial Park, subject to all laws and regulations applicable thereto: Beginning at a point in block 11 of the village of Medora, N. Dak., said point being on the northerly right-of-way line of Third Avenue a distance of 160 feet westerly from the northwest corner of the intersection of Third Avenue and Main Street; thence northerly a distance of 140 feet to a point on a line parallel to and 160 feet westerly of the westerly right-of-way line of Main Street; thence easterly 10 feet along a line parallel to and 140 feet northerly of the northerly right-of-way line of Third Avenue to a point 150 feet westerly of the westerly right-of-way line of Main Street; thence northerly 20 feet along a line parallel to and 150 feet westerly of the westerly right-of-way line of Main Street to a point on a line parallel to and 160 feet northerly of the northerly right-of-way line of Third Avenue; thence easterly along said line a distance of 150 feet to a point on the westerly right-of-way line of Main Street; thence northerly a distance of 40 feet along said westerly right-of-way line of Main Street to a point 200 feet northerly from the northwest corner of the intersec-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 10, 1955
For actions of May 9, 1955
84th-1st, No. 751

CONTENTS

Acreage allotments....16,30	Employee exchange.....19	Potatoes.....15
Adjournment.....8	Farm credit.....10	Prices, support.....32
Administrative services.22	Fire protection.....3,11	Property.....22
Animal disease.....5	Forestry.....3,9,11,29	surplus.....26
Appropriations.....9	Lands.....17	Reclamation.....21
CCC.....2	public.....4,33	Records.....6
Civic auditorium.....13	Legal services.....27	Rice.....16
Claims.....2,12,33	Livestock.....23	Roads.....8
Commodity exchanges.....1,10	Loans, farm.....7,18	Soil conservation....30,35
Corn.....24	Mining.....33	Statehood.....14
Crop insurance.....31	Organization, executive.27	Tax relief.....23
Disaster relief.....5,7	Personnel.....12,19	Trade policy.....28
Education.....13,25	Postal pay.....8	Transportation.....20
Electrification.....10,34		

HIGHLIGHTS: Senate passed bills to: give CEA subpoena power; protect innocent purchasers of fungible goods from CCC claims; authorize inter-agency fire protection agreements. Senate subcommittee approved bill limiting interest on disaster loans to 3%. House sent Interior appropriation bill (which includes FS items) to conference; debated Hawaii-Alaska statehood bill. House committee reported bills to give CEA subpoena power, authorize land banks to purchase FFMC assets, and repeal REA State formula. Sen. Alcott introduced and discussed emergency loans bill. Sen. Smathers intr. and discussed bill to carry out recommendations of President's transportation committee.

SENATE

1. COMMODITY EXCHANGES. Passed without amendment S. 1398, to provide subpoena power to the Commodity Exchange Authority (pp. 4987-8).
2. CCC CLAIMS. Passed as reported H. R. 1831, to protect innocent purchasers of fungible goods converted by warehousemen from CCC claims (pp. 4988-9).
3. FOREST FIRES. Passed as reported S. 1006, to authorize the execution of agreements between agencies of the U. S. and other agencies and instrumentalities for mutual aid in fire protection (p. 4990).
4. PUBLIC LANDS. Passed as reported S. 265, to amend the acts authorizing agricultural entries under the nonmineral land laws of certain mineral lands in order to increase the limitation with respect to desert entries made under such acts to 320 acres (p. 4987).
Passed without amendment S. 748, to prohibit the U. S. from acquiring mineral interests in lands acquired by it except when necessary to serve the purpose for which such lands are acquired (pp. 4986-7).
5. ANIMAL DISEASE. Passed without amendment S. 1133, to authorize USDA to pay indemnity for losses and expenses incurred during July 1954 in Iowa in connection with vesicular exanthema (p. 4988).

6. RECORDS. Passed without amendment S. 1007, to authorize GSA to establish a central depository for inter-state agreements (p. 4989).
7. FARM LOANS. On May 6 (during Senate recess) a subcommittee of the Agriculture and Forestry Committee approved for reporting to the full committee S. 1755, to reduce interest rates from 5% to 3% on disaster loans (p. D386).
8. RECESSED until Wed., May 11. Majority Leader Johnson stated that the postal pay bill may be considered Wed. and that the roads bill may be considered later in the week. (p. 4993.)

HOUSE

9. INTERIOR DEPARTMENT AND RELATED AGENCIES APPROPRIATION BILL FOR 1956. Reps. Kirwan, Norrell, Sieminski, Magnuson, Jensen, Fenton, Scrivner, and Taber were appointed conferees on this bill, H. R. 5085 (p. 4994). Senate conferees have been appointed.
10. RURAL ELECTRIFICATION, ~~COMMODITY EXCHANGES, FARM CREDIT~~. The Agriculture Committee reported without amendment H. R. 5376, to repeal the State allotment formula for REA (H. Rept. 547); ~~H. R. 4514, to authorize subpoenas under the Commodity Exchange Act (H. Rept. 552); and S. 941, to authorize the Federal land banks to purchase certain remaining assets of the Federal Farm Mortgage Corporation (H. Rept. 550) (p. 5029).~~
11. FIRE PROTECTION. The Government Operations Committee reported without amendment H. R. 6015, to authorize the execution of agreements between agencies of the U. S. and other agencies and instrumentalities for mutual aid in fire protection (H. Rept. 549) (p. 5029).
12. PERSONNEL. The Judiciary Committee reported without amendment H. R. 5650, to provide for the settlement of claims of military personnel and civilian employees of the Federal Government for damage to, or loss, destruction, capture, or abandonment of personal property occurring incident to their service (H. Rept. 553) (p. 5029).
13. CIVIC AUDITORIUM. Passed as reported H. R. 1825, creating a commission to plan a D. C. civic auditorium (pp. 5009-13).
14. STATEHOOD. Began debate on H. R. 2535, the Alaska-Hawaii statehood bill (pp. 5013-24).
15. POTATOES. Received a Maine Legislature memorial recommending an investigation of the Mercantile Exchange for the purpose of providing greater stability in the potato industry (p. 5031).

BILLS APPROVED BY THE PRESIDENT

16. RICE ALLOTMENTS. H. R. 4647, which increases each 1955 State rice acreage allotment by 2%, provides each State with a 1955 rice allotment at least equal to its 1950 allotment, provides each county whose base acreage for 1955 exceeded by at least 2% its base acreage for 1950 with a 1955 rice allotment at least equal to its 1950 allotment, and increases each State reserve for new producers and new farms to a minimum of 500 acres. Approved May 5, 1955 (Public Law 29, 84th Cong.).

ELIMINATION OF LIMITATIONS ON RURAL ELECTRIFICATION LOAN FUNDS

MAY 9, 1955.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the
following

R E P O R T

[To accompany H. R. 5376]

The Committee on Agriculture, to whom was referred the bill (H. R. 5376) to amend the Rural Electrification Act of 1936, as amended, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

The purpose of this bill is to remove from the Rural Electrification Act formulas restricting the distribution of REA loan funds which were valuable when the program was in its earlier stages but which have now become obsolete and an unnecessary limitation on the flexibility of the loan program.

Subsection (c) of section 3 of the REA Act provides that 50 percent of the annual appropriation for REA loans must be allotted by the Administrator for loans in the several States in the proportion which the number of farms in each State not then receiving central station electric service bears to the total number of farms in the United States not then receiving such service.

Subsection (d) of the same section of the act provides that the remaining 50 percent of each annual appropriation for REA loans may be made available for loans in any State or Territory but that not more than 10 percent of that unallotted portion may be employed in any one State or all of the Territories.

Subsection (e) of the same section provides that funds appropriated for REA loans but not expended or obligated during the fiscal year may be carried over for use in the next fiscal year but that the 10

percent limitation as to each State or all of the Territories shall apply to these carryover funds.

In the earlier stages of the REA program these limitations and formula allotments of REA loan funds doubtless were a substantial aid in the equitable development of the program. During the early years, when the number of unelectrified farms in the United States was great, it was anticipated that there might be a demand for more REA loan funds than would be immediately available. The purpose of the formulas was to prevent a State which might be more rapid in its development than other States from obtaining a disproportionate share of REA funds and thereby possibly depriving REA cooperatives in other States of the funds which they needed and were ready to use.

At the present time, however, the REA reports that approximately 95 percent of the farms in the United States are receiving electric service. This does not mean that the job of the REA is ended. On the contrary, the need of improving, "heavying up," consolidating, and strengthening the rural electric systems in order to serve the greater demands of modern farm operations for electric current is proving an undertaking fully as important, and frequently as expensive, as the establishment of the rural lines in the first place.

This development means, however, an entirely different emphasis in the requests for REA loan funds than was the case several years ago. Whereas the majority of loan requests 10 years ago came from areas where there were a large number of unelectrified farms in order to build the distribution lines to these farms, the greatest need for REA funds now is from the areas where the largest proportion of farms are receiving electric service. The larger the number of farms receiving service, the greater their overall demand upon the transmitting facilities, and the greater the need for improving these facilities so as to enable them to carry the heavy load of current required by present-day farm and farm-home operations.

Thus, it is obvious that the formulas and limitations which once abetted the REA program are now no longer needed or useful in assuring the equitable allotment of funds and, on the contrary, may actually serve to retard the program.

Subsection (c) of section 3 of the existing law requires that the REA Administrator shall make an annual determination of the number of farms in each State not then receiving central station electric service. The bill reported herewith (H. R. 5376) retains this requirement. The bill, H. R. 2138, on which a favorable report has been received from the Department of Agriculture and is included in this report, does not contain this retention of the annual survey but is the same in all other respects.

REA officials testified at the hearing that the cost of this annual survey of unelectrified farms is only about \$3,000. The committee believes that the report serves a very useful purpose and should be continued.

The REA reported at the hearing that it has started a new type of annual survey to show the needs of the existing REA systems for improving and "heavying up" their lines.

Authority for this type of survey is contained in another section of the REA Act (sec. 2) and the committee considered consolidating the authority for that type of survey and for the annual report on the number of unelectrified farms in each State. The committee feels

that these two reports should be issued together so that they will present a rounded picture of the actual current need for additional REA loan funds and activity.

On the assurance of the REA officials at the hearing that it was the intention of that agency to combine these two reports in the future, the committee has not taken the step of requiring by law that the reports be so combined.

DEPARTMENT REPORT

Following is the report of the Department of Agriculture on H. R. 2138. Because it is almost identical with the bill (H. R. 5376) reported herewith, no separate report on the latter bill was requested.

MARCH 4, 1955.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. COOLEY: This is in reply to your request of February 16, 1955, for a report on H. R. 2138, a bill to amend the Rural Electrification Act of 1936, as amended. The bill eliminates provisions governing the allotment of electrification loan funds among the several States.

We favor enactment of the bill and urge its consideration at the earliest possible date. The 1956 budget recommends a \$35 million reserve authorization for rural electrification loans which would be available "only if the provisions in effect January 1, 1955, of the allotment formulas set forth in paragraphs (c) and (d) of section 3 of said (Rural Electrification) Act are not repealed by a law enacted by the first session, Eighty-fourth Congress". Enactment of H. R. 2138 prior to consideration of an action upon the Department of Agriculture Appropriation bill for fiscal 1956 would eliminate the need for inclusion of the \$35 million reserve loan authorization conditionally recommended in the budget.

Subsections (c) (d) and (e) of section 3 of the Rural Electrification Act as enacted and now in force prescribe a formula for the allotment of electrification loan funds. Fifty percent of the annual amount made available by the Congress must be allotted for loans in the several States in the proportion which the number of their unelectrified farms bears to the total number of unelectrified farms in the United States. Not more than 10 percent of the remaining 50 percent and of any carried-over funds may be loaned in one State or in all of the Territories.

In 1936 when the Rural Electrification Act was enacted, then available statistics showed about 1 out of 10 of our farms receiving central station electric service. There were large disparities between the individual States in respect to the percentage of farms electrified, ranging from 0.9 percent in Mississippi to 53.9 percent in California. The allotment formula served the very useful purpose of assuring distribution of electrification loan funds where needed. It has now outlived its usefulness. As of June 30, 1954, it is estimated by REA that 92.3 percent of the Nation's farms are electrified. Farm electrification in 31 States exceeds the national average; in 43 States more than 85 percent of the farms are electrified.

The need for electrification loan funds can no longer be measured accurately on the basis of unelectrified farms. The only sound criteria are whether the loan is needed to accomplish the purposes of the act and whether it will meet statutory requirements. It is increasingly apparent that the greatest need for loans will arise where improvements must be made in systems built during the early days of rural electrification and where new or additional power sources must be provided to meet steadily growing demands for electricity on the farm.

Elimination of the allotment limitations will contribute to the more expeditious and effective conduct of the rural electrification program by (a) providing flexibility in its administration and making loan funds available for lending where and as needed rather than as prescribed by rigid limitations which are no longer valid for the purpose for which they were established and (b) reducing annual requirements for loan funds which because of the existing limitations have necessarily been in excess of total actual loan needs. It will also remove the necessity for annual surveys of unelectrified farms which are burdensome and now needless.

The Congress has to some extent already been apprised of the need for reexamining the validity of these statutory limitations. Suggestion that the formula be

changed was made on the floor of the Senate as early as May 18, 1949, during discussion of the provision for additional contingent electrification loan funds in the 1950 Agriculture Appropriation Act. The 1952 budget recommended elimination of the formula and the 1954 budget proposed a modification to permit freer use of the additional contingent amounts to be provided for that year. Amendments to the 1954 Agriculture Appropriation Act carrying out the budget proposal were offered from the floor of both the House and the Senate. Points of order were sustained against both amendments on the basis of their being legislation in an appropriation bill.

We have already forwarded to you a report on H. R. 571 which deals with the same subject matter but which does not go as far as H. R. 2138 in the elimination of the allotment provisions of the Rural Electrification Act. In that report, we recommend amendment of H. R. 571 which would bring it substantially in conformity with H. R. 2138 and with similar bills, S. 153 and S. 851, both pending before the Senate Committee on Agriculture and Forestry. This Department has submitted a favorable report on both Senate bills and has urged their early consideration and enactment.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. L. PETERSON,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is in italics; existing law in which no change is proposed is shown in roman):

RURAL ELECTRIFICATION ACT OF 1936, AS AMENDED (7 U. S. C. 903)

SEC. 3. * * *

* * * * *

(c) [Fifty per centum of the annual sums herein made available or appropriated for loans for rural electrification pursuant to sections 904 and 905 of this title shall be allotted yearly by the Administrator for loans in the several States in the proportion which the number of their farms not then receiving central station electric service bears to the total number of farms of the United States not then receiving such service.] The Administrator shall within ninety days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving such service.

[(d) The remaining 50 per centum of such annual sums shall be available for rural electrification loans in the several States and in the Territories, without allotment as hereinabove provided, in such amounts for each State and Territory as, in the opinion of the Administrator, may be effectively employed for the purposes of this chapter, and to carry out the provisions of section 907 of this title: *Provided, however,* That not more than 10 per centum of said unallotted annual sums may be employed in any one State, or in all of the Territories.]

[(e) If any part of the annual sums made available for the purposes of this chapter shall not be loaned or obligated during the fiscal year for which such sums are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years without allotment: *Provided, however,* That not more than 10 per centum of said sums for rural electrification loans may be employed in any one State or in all of the Territories.]

(d) *If any part of the annual funds made available for the purposes of this Act shall not be loaned or obligated during the fiscal year for which such sums are made available, such unexpended and unobligated funds shall be available for loans by the Administrator in the following year or years.*

SEC. 4 (7 U. S. C. 904). The Administrator is authorized and empowered from the sums hereinbefore authorized, to make loans for rural electrification to persons, corporations, States, Territories, and subdivisions and agencies thereof, municipalities, peoples' utility districts and cooperative, nonprofit, or limited-dividend associations, organized under the laws of any State or Territory of the United

States, for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing of electric energy to persons in rural areas who are not receiving central station service, and loans, from funds available under [the provisions of section 903 (d) and (e) of this title but without regard to the 10 per centum limitation therein contained,] *section 3* to cooperative associations and municipalities for the purpose of enabling said cooperative associations and municipalities to the extent that such indebtedness was incurred with respect to electric transmission and distribution lines or systems or portions thereof serving persons in rural areas, to discharge or refinance long-term debts owed by them to the Tennessee Valley Authority on account of loans made or credit extended under the terms of the Tennessee Valley Authority Act of 1933, as amended: *Provided*, That the Administrator, in making such loans, shall give preference to States, Territories, and subdivisions and agencies thereof, municipalities, peoples' utility districts, and cooperative, nonprofit, or limited-dividend associations, the projects of which comply with the requirements of this chapter. Such loans shall be on such terms and conditions relating to the expenditure of the moneys loaned and the security therefor as the Administrator shall determine and may be made payable in whole or in part out of the income: *Provided further*, That all such loans shall be self-liquidating within a period of not to exceed thirty-five years, and shall bear interest at the rate of 2 per centum per annum; interest rates on the unmatured and unpaid balance of any loans made pursuant to this section prior to September 21, 1944, shall be adjusted to 2 per centum per annum, and the maturity date of any such loans may be readjusted to occur at a date not beyond thirty-five years from the date of such loan: *And provided further*, That no loan for the construction, operation, or enlargement of any generating plant shall be made unless the consent of the State authority having jurisdiction in the premises is first obtained. Loans under this section and section 905 of this title shall not be made unless the Administrator finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed.



84TH CONGRESS
1ST SESSION

H. R. 5376

[Report No. 547]

IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 1955

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

MAY 9, 1955

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

To amend the Rural Electrification Act of 1936, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 3 of the Rural Electrification Act of 1936,
4 as amended (7 U. S. C. 903), is amended by striking out
5 subsections (c), (d), and (e) and inserting in lieu thereof
6 the following:

7 “(c) The Administrator shall, within ninety days after
8 the beginning of each fiscal year, determine for each State
9 and for the United States the number of farms not then
10 receiving central station electric service.

11 “(d) If any part of the annual funds made available

1 for the purposes of this Act shall not be loaned or obligated
2 during the fiscal year for which such sums are made avail-
3 able, such unexpended and unobligated funds shall be avail-
4 able for loans by the Administrator in the following year
5 or years.”

6 (b) Subsection (f) of section 3 of such Act is redesignig-
7 nated as section (e).

8 SEC. 2. Section 4 of the Rural Electrification Act of
9 1936, as amended (7 U. S. C. 904), is amended by strik-
10 ing out “the provisions of section 3 (d) and 3 (e), but
11 without regard to the 10 per centum limitation therein con-
12 tained” and inserting in lieu thereof “Section 3”,

84TH CONGRESS
1ST SESSION

H. R. 5376

[Report No. 547]

A BILL

To amend the Rural Electrification Act of 1936,
as amended.

By Mr. POAGE

MARCH 30, 1955

Referred to the Committee on Agriculture

MAY 9, 1955

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 16, 1955
For actions of May 13, 1955
84th-1st, No. 79

CONTENTS

ACP.....9	Forestry.....16	Soil conservation.....1,5
Acreage allotments.....1	Housing.....8	Statehood.....4
Adjournment.....9	Lands.....10,15	Surplus commodities.....19
Coffee.....4	Loans, farm.....3,8	Telephones.....6
Cooperatives.....7,14	Minerals.....10	Transportation.....11
Crop insurance.....13	Price supports.....4,6,17	Veterans benefits.....8
Dairy industry.....6	Public power.....18	Water conservation.....5
Electrification.....3,18	REA.....3,9	Wheat.....19
Family-size farm.....6	Roads.....2	Wool.....7,14
Food control.....12		

HIGHLIGHTS: Senate debated bill to repeal ACP tie-in with acreage allotments (pp. 5347-64, 5372-4).

SENATE

1. SOIL CONSERVATION; ACREAGE ALLOTMENTS. Began debate on H. R. 1573, to repeal the provisions prohibiting ACP payments to persons who do not adhere to acreage allotments on basic crops (pp. 5345, 5347-64, 5372-4).
2. ROADS. The Public Works Committee reported with amendment S. 1048, to amend and supplement the Federal-Aid Road Act by authorizing appropriations for continuing the construction of highways (S. Rept. 350) (p. 5322). Sens. Johnson, Case (S. Dak), Thyne, and others discussed the provisions of the committee bill, and Sen. Johnson stated he intended to schedule the bill for consideration either May 20 or May 23 (pp. 5330-2).
3. RURAL ELECTRIFICATION. ~~Authorized the statements made by Senators on the 29th anniversary of REA to be printed as S. Doc. 42 (p. 5323).~~
Discussed and, at the request of Sen. Ervin, passed over S. 153, to amend the Rural Electrification Act so as to eliminate the requirement that not more than 10% of the loans may be made in any one State. Majority Leader Johnson announced that this bill will be considered on Tuesday "if an agreement can be worked out over the week-end." (p. 5339).
4. PRICE SUPPORTS; COFFEE; STATEHOOD. Received an Ala. Legislature resolution favoring 90 percent price supports for basic commodities; and Hawaii Legislature resolutions recommending the inclusion of coffee under the parity payment program and requesting legislation to provide statehood for Hawaii (pp. 5318-9).
5. WATER CONSERVATION. Sen. Schoepel inserted a city of Lawrence, Kans., resolution requesting Congress to take the necessary action to "assure the continuance of surveys and planning and the construction of projects as recommended and authorized by the Soil Conservation Service." (p. 5320).

6. DAIRY PRODUCTS; FAMILY-SIZE FARM; PRICE SUPPORTS; RURAL TELEPHONES. Sen. Langer inserted a series of Farmers Union Central Exchange, Inc., resolutions requesting that dairy products be included as a basic commodity, supporting the basic principles of family-size farm legislation, requesting the return to 90 percent price supports for basic commodities, and favoring expansion of the rural telephone program (pp. 5321-2).
7. WOOL. Sen. Morse inserted several telegrams from his constituents opposing any amendments to the Wool Act which would in "any way jeopardize cooperatives," and he and Sen. Anderson discussed this subject (p. 5366).
8. FARM-HOUSING LOANS. The Labor and Public Welfare subcommittee ordered reported to the full committee, without amendment, H. R. 5106, to amend the Servicemen's Readjustment Act so as to authorize loans for farm housing to be guaranteed or insured under the same terms and conditions as apply to residential housing (p. D413).
9. ADJOURNED until Tues., May 17 (p. 5374), when it will continue debate on H. R. 1573, to repeal ACP tie-in with acreage allotments, probably to be followed by S. 153, to amend the REA lending formula (p. D414).

HOUSE

10. LANDS. An Interior and Insular Affairs subcommittee approved for reporting to the full committee H. R. 1844, as amended, to amend acts authorizing agricultural entries under the nonmineral land laws of certain mineral lands in order to increase the limitation with respect to desert entries made under such act; and H. R. 4894, to repeal laws authorizing sale of public lands which are valuable chiefly for timber and stone (p. D413-4).

BILLS INTRODUCED

11. TRANSPORTATION. S. 1960, by Sen. Schoeppel, to amend part III of the Interstate Commerce Act, so as to authorize the Interstate Commerce Commission to revoke, amend, or suspend water-carrier certificates and permits under certain conditions; to Interstate and Foreign Commerce Committee (p. 5323).
S. 1966, by Sen. Bricker, to amend the Interstate Commerce Act to provide for filing of documents evidencing the lease, mortgage, conditional sale, or bailment of motor vehicles sold to or owned by certain carriers subject to such act; to Interstate and Foreign Commerce Committee (p. 5323).
12. FLOOD CONTROL. S. 1963, by Sen. Chavez, to provide for the operation and maintenance of certain flood-control projects by local interests; to Public Works Committee (p. 5323).
13. CROP INSURANCE. S. 1967, by Sen. Langer, to amend the Federal Crop Insurance Act; to Agriculture and Forestry Committee (p. 5323).
14. WOOL; COOPERATIVES. S. 1980, by Sen. Anderson, to amend section 708 of Public Law 690 of the 83d Congress, 2d session (the Agriculture Act of 1954), to Agriculture and Forestry Committee (p. 5323). Remarks of author (p. 5372).

ITEMS IN APPENDIX

15. LANDS. Sen. Thurmond inserted a Columbia State editorial stating that when additional cropland is needed, S. C. has 400,000 acres of coastal plains that could be reclaimed (p. A3299).

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BARRETT. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

JOSE PEREZ GOMEZ

The bill (S. 892) for the relief of Jose Perez Gomez was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Attorney General is authorized and directed to discontinue and deportation proceedings and to cancel any outstanding order and warrant of deportation, warrant of arrest, and bond, which may have been issued in the case of Jose Perez Gomez. From and after the date of enactment of this act, the said Jose Perez Gomez shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and order have issued.

AMENDMENT OF RURAL ELECTRIFICATION ACT OF 1936—BILL PASSED OVER

The bill (S. 153) to amend the Rural Electrification Act of 1936 was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. ERVIN. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. JOHNSON of Texas. Mr. President, in connection with Senate bill 153, Calendar 217, let me say that it is my understanding that when this bill was discussed on the floor of the Senate, earlier in the week, announcement was made that certain Senators were preparing amendments to the bill. I further understand that the distinguished Senator from Minnesota [Mr. HUMPHREY], who reported the bill, is conferring with the Senators who are preparing the amendments; and it is hoped that agreement will be reached.

I wish to have the bill called before the Senate at the earliest possible date; and if an agreement can be worked out over the weekend, we shall take up the bill on Tuesday, when we meet again.

The PRESIDING OFFICER. Objection having been made to its present consideration, the bill has been passed over.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (H. R. 1573) to repeal section 348 of the Agricultural Adjustment Act of 1938 was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. ERVIN. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 8) to amend the Constitution to authorize governors to fill temporary vacancies in the Congress caused by a disaster was announced as next in order.

Mr. BARRETT. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 300) to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryngpan-Arkansas project, Colorado, was announced as next in order.

Mr. BARRETT. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 256) to eliminate cumulative voting of shares of stock in the election of directors of national banking associations unless provided for in the articles of association, was announced as next in order.

Mr. JOHNSON of Texas. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

EXERCISE OF RIGHTS OF CERTAIN HOLDERS OF MORTGAGE-PURCHASE CONTRACTS

The bill (S. 1645) to permit certain holders of mortgage-purchase contracts with the Federal National Mortgage Association to exercise their rights under such contracts for additional periods of not to exceed 90 days, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. JOHNSON of Texas. Mr. President, at the request of the distinguished senior Senator from Indiana [Mr. CAPEHART], I wish to submit a statement by the distinguished Senator from Alabama [Mr. SPARKMAN] on Senate bill 1645. I am authorized to say that the Senator from Indiana [Mr. CAPEHART] joins in the statement and in approving the bill.

I should like to read the statement, as follows:

STATEMENT BY SENATOR SPARKMAN ON S. 1645

The purpose of this bill is to relieve hardship experienced by home builders who have proceeded in good faith, but who have been unable to consummate FHA or VA mortgages in time to deliver those mortgages to the FNMA before certain contracts with the FNMA expired.

Everyone agrees as to the legitimacy of these hardships, but it is most difficult to determine the degree of hardship on a case-by-case basis. Consequently, this bill sets up an arbitrary standard for identifying the cases which have been pursued without negligence, and it enables the FNMA to look favorably upon other legitimate hardship cases which may fail to meet this arbitrary standard.

I cannot guarantee that the standard will not help some person who has proceeded without diligence. But I believe this bill represents the most reasonable solution to a difficult problem.

Mr. President, I repeat that the statement I have just read is one by the Senator from Alabama [Mr. SPARKMAN], and is concurred in by the distinguished senior Senator from Indiana [Mr. CAPEHART].

The PRESIDING OFFICER. Is there objection to the present consideration of Senate bill 1645?

There being no objection, the Senate proceeded to consider the bill (S. 1645)

to permit certain holders of mortgage purchase contracts with the Federal National Mortgage Association to exercise their rights under such contracts for additional periods of not to exceed 90 days, which had been reported from the Committee on Banking and Currency with amendments, on page 1, line 6, after the word "a", to strike out "reasonable"; in the same line, after the word "period", to strike out "(not to exceed ninety days)", in addition to the time provided in such contract" and insert "of six months after the date of enactment of this act"; on page 2, line 1, after the word "such", to strike out "time" and insert "contract"; in line 7, after the word "any", to strike out "unreasonable neglect" and insert "negligence"; after line 8, to insert:

SEC. 2. An application shall be considered as timely if it is forwarded to the Association not later than 30 days after the date of enactment of this act.

After line 11, to insert:

SEC. 3. A statement by the holder of the purchase contract which identifies the properties to secure the mortgages to be sold under the contract and which properties are the subjects of Federal Housing Administration insurance commitments or Veterans' Administration certificates of reasonable value dated prior to March 1, 1955, shall be sufficient to determine the absence of negligence on the part of such holder.

And after line 19, to insert:

SEC. 4. Nothing in this act shall be construed to permit the sale of mortgages to the Association by the holder of any mortgage purchase contract in a total principal amount which exceeds the amount specified in such contract.

So as to make the bill read:

Be it enacted, etc., That the Federal National Mortgage Association shall grant to any holder of a mortgage purchase contract, entered into with the Association between June 30, 1953, and July 1, 1954, a period of 6 months after the date of enactment of this act and without regard to whether such contract has expired, in which such holder may exercise his right under such contract to sell to the Association mortgages held by him, if the Association shall determine, upon the basis of a timely application filed with it by such holder, that the failure of such holder to fully exercise his right under such contract within the time allowed was not due to any negligence on his part.

SEC. 2. An application shall be considered as timely if it is forwarded to the Association not later than 30 days after the date of enactment of this act.

SEC. 3. A statement by the holder of the purchase contract which identifies the properties to secure the mortgages to be sold under the contract and which properties are the subjects of Federal Housing Administration insurance commitments or Veterans' Administration certificates of reasonable value dated prior to March 1, 1955, shall be sufficient to determine the absence of negligence on the part of such holder.

SEC. 4. Nothing in this act shall be construed to permit the sale of mortgages to the Association by the holder of any mortgage purchase contract in a total principal amount which exceeds the amount specified in such contract.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for extension of mortgage purchase contracts of the Federal National Mortgage Association."

SELF-GOVERNMENT FOR THE DISTRICT OF COLUMBIA — BILL PASSED OVER

The bill (S. 669) to provide an elected mayor, city council, school board, and nonvoting delegate to the House of Representatives for the District of Columbia, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BARRETT. Let the bill go over.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

Mr. MORSE. Mr. President, I wonder whether the Senator from Wyoming will withhold his objection until I am able to make a brief statement.

Mr. BARRETT. Certainly.

Mr. MORSE. Mr. President, let me say quite frankly that I think the bill is of such great importance that it ought to be brought up by motion, rather than during the call of the calendar; and I sincerely hope that at an early date such a motion will be made and that the bill may then be discussed and passed by the Senate.

However, for the RECORD, I now wish to make a very brief statement regarding the bill.

The purpose of the bill is to provide the residents of the District of Columbia with a popularly elected mayor; popularly elected city council; popularly elected school board; and popularly elected nonvoting Delegate to the House of Representatives.

The objectives underlying the bill are, first, to relieve the Congress of the detail of District affairs, as has been done in the case of the Territories, while still retaining in Congress the control required by the Constitution; second, to create a representative local government for the District, chosen by the qualified electors; and, third, to provide an efficient and economical government for the District of Columbia.

Provision is made for the creation of a Board of Elections, consisting of five members appointed by the President, by and with the advice and consent of the Senate, which Board will conduct all elections provided for in the bill. Such elected officials would be a mayor; District Council, composed of 9 members; a Board of Education, consisting of 9 members; and a nonvoting Delegate to the House of Representatives.

The first provision of the bill to become effective would be a referendum on the proposed charter. If a majority of those voting approve the charter, it would take effect next year; and in October, the officials would be elected to take office in January 1957. The mayor and council would take over the functions of the present Board of Commissioners, which would be abolished.

The basic features of this bill are substantially the same as those of Senate

bill 2413, 83d Congress, reported to Senate; and those of Senate bill 1976, 82d Congress, which passed the Senate on January 22, 1951.

On April 27, 1955, the Committee on the District of Columbia was unanimous in ordering Senate bill 669 reported to the Senate.

Mr. President, in closing, let me say most respectfully and very sincerely that I believe the Senate should give early consideration to the bill, and that the people of the District of Columbia should not be used any further as a congressional football.

The people of the District of Columbia are entitled to full American citizenship. Today they are not receiving it; and, in that sense, they are second-class citizens. The reason why they are second-class citizens, Mr. President, is that the Congress, in carrying out what I believe to be its clear duty, has consistently, over the years, evaded dealing with the question of giving to the people of the District of Columbia the precious American franchise right of home rule.

Certainly the time has come to call a halt to the delays in the matter of respecting the full citizenship rights of the people of the District of Columbia.

Mr. President, my statement is not meant as any reflection at all upon the Senator who objected to present consideration of the bill, for I believe that objection should be made to its consideration during the call of the Unanimous-Consent Calendar. Instead, I believe the bill should at an early date be made the business of the Senate, that there should be full debate on it, and that it should be passed, so that the American rights of the people of the District of Columbia, as I think those rights were fully contemplated and intended by the constitutional fathers, will be restored to them.

Mr. BARRETT. Mr. President, my sole objection to the consideration of the bill is that I do not think it is a bill which should be considered on the call of the calendar. Personally, I am in favor of the bill, but I believe it should be brought up and considered by itself, on a day certain.

REGULATION OF PUBLIC UTILITIES IN THE DISTRICT OF COLUMBIA — BILL PASSED OVER

The bill (S. 184) to make certain changes in the regulation of public utilities in the District of Columbia, and for other purposes, was announced as next in order.

Mr. BARRETT. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. MORSE. Mr. President, I should like to make a brief comment on Senate bill 184.

My colleague [Mr. BEALL], chairman of the subcommittee which had charge of Senate bill 184 in the Committee on the District of Columbia, was unavoidably detained, so that he could not be present when the bill was called. I know the Senator from Maryland would like to have me invite the attention of the

Senate to what is considered to be a very important bill.

Here, too, we have a bill which comes to the floor of the Senate with the unanimous vote of the District of Columbia Committee. It is very important that we clarify certain matters which affect the Public Utilities Commission of the District of Columbia.

This happens to be a bill introduced by the present Presiding Officer of the Senate, the Senator from Maine [Mr. PAYNE]. It is a very sound bill. It might be looked upon as dealing with one of the chore duties of the Congress. That is just about what it is. In respect to this bill, we are really sitting as aldermen, as members of a city council. That is the kind of duty and jurisdiction which ought to be taken from the Congress, by its own act, by the passage of the home rule bill to which I have previously referred, namely, Senate bill 669, Calendar No. 256.

The Congress is acting as a sort of super city council. As such we cannot justify constantly postponing action on municipal problems. The people of the District of Columbia are entitled to a governmental organization which will give them efficient administration. Let me say very frankly that they do not now get efficient administration from the Congress. They are accorded exactly the type of treatment which they are receiving at the present time in connection with this bill.

It is easy, on the floor of the Senate, to postpone action upon measures affecting municipal problems of the District of Columbia. We do not consider them of great national importance, or as great national issues. However, they are of national importance. It is important that we, the Congress, the city council of the District of Columbia—which we really are—give the people of the District efficient municipal administration, so long as we retain unto ourselves control over the municipality of the District of Columbia. We should not be postponing action on such bills as this.

The District of Columbia Committee has done a great deal of hard work on the bill, under the able leadership of the chairman of the subcommittee, the distinguished Senator from Maryland [Mr. BEALL]. The bill is ready for action. The average Senator—and let us be frank about this—is too busy to take the time to study District of Columbia municipal legislative problems, so it is much easier to pass the buck by way of delay.

Let me say most respectfully that the Senate has every reason to have complete confidence in its Committee on the District of Columbia. I have sat with other members of that committee, and I have observed them during the course of many hours of hearings. They are taking their work very seriously as aldermen of the District of Columbia.

I think we have fallen into a bad practice in the Senate when a District of Columbia bill comes before us of postponing consideration of the bill. I do not ask for action as a matter of formality. I want Senators to check into the work of the Committee on the District of Columbia. But it is rather dishearten-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

May 18, 1955
May 17, 1955
84th-1st, No.81

CONTENTS

ACP.....11	Extension work.....31	Relief, domestic.....5
Acreage allotments.....11	Food supply.....27,33	Reserve forces.....3
Adjournment.....22	Foreign aid.....26	Roads.....20,21,22,37,47
Agricultural appropriation.....1	Forestry.....21,40	Soil conservation.....11
Animal disease.....5	Grain storage.....46	Sugar quotes.....14,36
Appropriations.....1,16	Lands.....13	Surplus commodities.....33
Boundary fence.....21	transfer.....8,43	Surplus property.....15,22
Budget.....15	Legislative program.....22	Tobacco.....4
CCC.....1	Loans, farm.....2,6	Trade.....28
Dairy industry.....34	Mining.....44	Transportation.....37
Education.....9,18	Organization.....10,19	Travel expense.....7,15,42
Electrification.....12,22,24,35,41	Personnel.....23,39,45	Uniform allowances.....45
Expenditures.....16	Poultry.....32	Veterans benefits.....6
	Price supports.....17,30,38	Water research.....21,25
	Reclamation.....21,29,35	

HIGHLIGHTS: Both Houses agreed to conference report on agricultural appropriation bill. Ready for President. Senate passed bill to repeal ACP tie-in with acreage allotments. Ready for President. Senate debated bill to repeal REA State formula. Senate committee reported bill to increase per-diem allowances. Senate committee ordered reported bills for Mexican fence and for salt-water research. Sen. Humphrey introduced and discussed bill to provide 80% price supports for family-size farms. House passed bill to authorize land banks to purchase FPMC assets. Ready for President. House committee reported measure for USDA study of tobacco controls. House debated reserve manpower bill. House subcommittee voted for bill to increase per-diem allowances.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL, 1956. Both Houses agreed to the conference report on this bill, H. R. 5239. The House concurred in the Senate amendment which had been reported in disagreement, to provide for part of the CCC administrative-expense limitation to be placed in reserve. (pp. 5489, 5458-74). This bill will now be sent to the President.
2. FARM LOANS. Passed without amendment S. 941, to authorize the Federal land banks to purchase certain remaining assets of the Federal Farm Mortgage Corporation (pp. 5501, 5519). This bill will now be sent to the President.
3. RESERVE FORCES. Began debate on H. R. 5297, to provide for strengthening of the Reserve Forces (pp. 5519-45).
4. TOBACCO. The Agriculture Committee reported without amendment S. J. Res. 60, directing this Department to study and report to Congress on methods of burley tobacco marketing controls (H. Rept. 596)(p. 5549).
5. ANIMAL DISEASE. Passed without amendment S. 1133, authorizing payment for losses incurred in Iowa in July 1954 on account of vesicular exanthema, which could not

be paid because of a technicality (p. 5505). A companion bill, H. R. 4576, was reported without amendment earlier in the day (H. Rept. 598). S. 1133 will now be sent to the President.

6. FARM LOANS. The Rules Committee reported a resolution for consideration of H. R. 5715, to extend the authority for the Veterans' Administration to make direct loans and to require VA to make additional types of loans (p. 5505).
7. TRAVEL EXPENSE. The "Daily Digest" states: "The Subcommittee on Executive and Legislative Reorganization approved for reporting to the full committee a clean bill (H. R. 6295), to provide for an increase in maximum per diem allowance — from \$9 to \$13 — for subsistence and travel expenses. The bill will be considered by the full committee...tomorrow." (p. D428.)
8. LAND TRANSFER. The Agriculture Committee reported with amendment H. R. 2973, to release reversionary rights to a former FHA tract in Macon County, Ga., to the Ga. Board of Education (H. Rept. 597)(p. 5549).
9. EDUCATION. Passed as reported H. R. 603, to authorize additional land grants to the University of Alaska (p. 5497).
10. ORGANIZATION. Received from the President an amendment to the 1956 Budget for the President's Advisory Committee on Government Organization (H. Doc. 164); to Appropriations Committee (p. 5548).

SENATE

11. SOIL CONSERVATION; ACREAGE ALLOTMENTS. Passed without amendment H. R. 1573, to repeal the provisions prohibiting ACP payments to persons who do not adhere to acreage allotments on basic crops (pp. 5458-74). Rejected, 35 to 49, an amendment in the nature of a substitute, by Sen. Holland (for himself and Sens. Aiken, Anderson, and Watkins), which would have modified Sec. 348 but would not have repealed it (p. 5474). This bill will now be sent to the President.
Sen. Carlson inserted a city of Kansas City, Kans., resolution favoring the continuance of surveys and planning for the conservation of soil and water in Kans. (pp. 5420-1).
Sen. Watkins commended the interest of young people in conservation development and inserted an article written by the Secretary at the request of the young people of Milford Elementary School, "Youth's Part in Conservation" (pp. 5446-7).
12. RURAL ELECTRIFICATION. Began debate on S. 153, to amend the Rural Electrification Act so as to eliminate the requirement that not more than 10% of the loans may be made in any one State. Pending is a Humphrey amendment (in the nature of a substitute) to modify the present formula but not repeal it (pp. 5479-84).
Sen. Kefauver urged immediate release of the Hoover Commission Task Force report on public power and water resources and inserted a St. Louis Post Dispatch on this subject (pp. 5445-6).
13. LANDS. Both Houses received from the Interior Department a proposed bill "to facilitate the administration of the public lands"; to Interior and Insular Affairs Committees (pp. 5417, 5548).
14. SUGAR QUOTAS. Received an Hawaiian Legislature resolution urging immediate domestic sugar quota increases (p. 5418).

We are paying now, somehow, for our failure to keep pace with the problem. What can be more irresponsible than a refusal to come to grips with it? Can an investment that would cut down the cost of accidents and inefficiency by billions of dollars be called inflationary? Senators will have a hard time coping with those questions.

[From the Miami (Fla.) Herald of February 24, 1955]

FINANCING IS THE HURDLE

The President's 10-year, \$101 billion highway program met the expected reception on Capitol Hill.

There was accord with the administration on the need for a long range, well planned, cohesive and integrated nationwide road program for the defense needs of the atomic age and to gear highway transportation to the national motor-car economy.

There was, however, opposition—which crossed party lines—to the President's plan of financing his recommendations.

The road building message was scheduled to go to Congress on January 27. On January 11, the report of the President's Advisory Committee on a National Highway Program was made public. It immediately provoked opposition because of its financing methods. The President wisely delayed sending up his message until he could analyze the objections.

The President stuck by the committee's report. Yet he did not insist on the financing method, to which the Democrats sharply object and which many Republicans do not find to their liking.

He did not back down. He simply said he was inclined to favor the committee's money-raising plan.

The committee, headed by Gen. Lucius D. Clay, proposed that a Federal highway corporation be formed. Its purpose would be to float \$20 billion of bonds. These securities would not be considered part of the Federal budget. They would be retired from the 20-cent Federal gasoline tax. An additional \$5 billion would be raised from fees paid by gasoline stations, motels and other roadside businesses.

Senator HARRY F. BYRD, of Virginia, argued that the scheme would completely destroy the budget and the Federal debt limitations:

"If they can set up a corporation to borrow money outside the budget and the debt limit to build roads, they can do anything."

The Senator's fears are not ungrounded.

After the weeks of discussion between the formal submission of the program and the publication of the Clay committee's report Congress should by now fully understand that the financing, which the President is inclined to favor is a historic and drastic departure from the country's past fiscal policies.

The country stands in immediate and in some ways critical need to modernize the key 40,000-mile national system of interstate highways.

Those who do not approve the suggested financing, should concentrate on producing an acceptable policy that will remain within traditional fiscal methods, yet provide the improvements that the President urgently recommends.

[From the Madison (Ky.) Messenger of February 5, 1955]

TRAFFIC JAMS IN BIG HIGHWAY PROGRAM

People in our area who have been reading about the vast highway program which has been proposed in Washington—and about the vast outlay of billions of dollars which the vast program entails—are aware that U. S. 41, which is of a lot of consequence here, is not included in the plans.

As we have said before, maps which show the routes under consideration by the President's advisers stress, so far as Kentucky

is concerned, a mighty proposed highway between Louisville and Nashville. Apparently the route leaves Kentucky and enters Tennessee at Franklin, Ky., or thereabouts.

We are told from Washington that the Nation must more than double its spending for highway construction in the next 10 years to keep from strangling in traffic. White House advisers on the subject have placed the cost at about \$101 billion, but as usual in such cases there are critics.

For instance, a sharp attack on one phase of the program has been made by none other than able, influential Senator BYRD, of Virginia, whose ability with a sharp pencil is questioned by no one. The feature which the Virginia Democrat criticizes is the \$20 billion 30-year 3-percent-bond issue recommended by the administration, together with the proposed Federal corporation which would float the bonds. Pressure groups for and against the vast highway plan are choosing up sides, and Washington expects plenty of fur to fly when the mighty project gets to the debating stage.

Another point of criticism which the Messenger has seen in the papers is the proposal to continue the Federal gasoline tax as one major source of Federal revenue. This is favored by such interests as the railroads, which argue that highway should be self-supporting through use charges. However, as is pretty well known repeal of the Federal gasoline tax is being urged by farm and truck spokesmen, who insist that collection of gas taxes should be left to the States, which are having their own financial troubles, too.

As another phase of the big dispute which is shaping up over this vast new road program, some of the States are already worrying about how they are going to dig up their share of the \$31 billion provided by the White House program. Some have been building roads on a pay-as-you-go basis, since their constitutions forbid issuing bonds for the purpose. Others have gone into debt for roads already built or now being built, and in general the States are spending all they take in, already, and some are spending more.

With schools, hospitals, and other public agencies and services badly in need of billions of dollars, too, it becomes that a controversy over details of the highway plan is shaping up—a controversy that will match in size the vast building program itself. Already those specialists who have highways as their principal concern are becoming convinced that although the need for roads is one of our present big needs, mighty traffic jams are going to develop when Congress gets down to studying the Eisenhower program.

We are a long way, in other words, from a hundred billion-dollar outlay for highway construction.

[From the San Francisco (Calif.) Wall Street Journal of February 24, 1955]

MEETING THE NATION'S NEEDS

It doesn't take too much imagination to see that in a dynamic and growing country like the United States it will be necessary to spend many billions of dollars in the next generation in building anew the facilities by which we live.

The list of things to be done will include highways, schools, houses, electric power facilities, hospitals, and airports; indeed the list is almost endless.

Thus when President Eisenhower says that this country in the next few years is going to require a vast expansion in its roads, he is speaking of a need that is very real and plain to see. When he puts the cost at a hundred billion dollars he may even be underestimating; in any event it will be a very large sum.

The question is not of need but of the best way of meeting it. The best way of seeing

that we get the right kind of roads in the right places. The best way of paying for them.

And it is here that Mr. Eisenhower's highway program, as he himself suggests by the tentative way he puts it forward, raises some very serious questions.

For this is a proposal that says, first, that this is a need which can be met only by another vast Federal spending program. And secondly, that the Federal cost should be met by some hocus-pocus bookkeeping that would hide from the people the nature of what is being done.

Senator BYRD and others have already had something to say about this bookkeeping. The proposal is for the Federal Government to borrow some \$25 billion from the public, spend it on roads, but then pretend that it has added not a penny to the Federal debt. It would do this by setting up a Highway Authority which would do the actual borrowing but whose debts would be guaranteed by the Treasury just like any other Federal debt.

This would simply be a bit of shenanigans to get around the legal limit on the Government's debt. And if it can be done for highways then of course it can be done for those other things, schools, hospitals, and the like. This would open the way for a Federal bookkeeping system that would be essentially dishonest because it would offer the pretense that a debt isn't a debt.

Yet there is more to this program that ought to be looked at than the bookkeeping. For this is not simply a program for increasing Federal assistance to State highway commissions; it would begin to make the planning and paying for the Nation's roads a Federal responsibility.

It offers the plea, in effect, that if the Federal Government doesn't provide us with the new roads we won't get them. And this in the face of the fact that the roads we now have were built by the cities, counties, and States with but the smallest participation of the Federal Government.

At the end of the First World War there were barely 387,000 miles of paved highways in all the United States. The total amount spent in 1919 on highway construction was only \$429 million.

Today our highway system covers 3,366,000 miles and represents an investment of nearly \$50 billion. The expenditure of States and other local authorities for new roads is some \$3 billion a year and steadily rising. And all this without benefit of any grandiose Federal bureau and, indeed, with very little money from the Federal Treasury. In 1952 Federal aid amounted to only \$45 million out of \$2.8 billion spent on roads.

Certainly the building of our future highways will be a stupendous job and there is much the Federal Government can do to help—one thing would be to take less from taxpayers so that the States would not be so hard pressed for funds.

But to say the Nation's needs can be met only by Federal planning and Federal taxes is to deny both our tradition of local government and the history of its success.

AMENDMENT OF RURAL ELECTRIFICATION ACT OF 1936

Mr. JOHNSON of Texas. Mr. President, I call the attention of the junior Senator from Minnesota to the motion I am about to make.

I move that the Senate proceed to the consideration of Order No. 217, S. 153.

The PRESIDING OFFICER. The Secretary will state the bill by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 153) to amend the Rural Electrification Act of 1936.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with an amendment. On page 1, line 11, after the word "years", to insert "The Administrator shall, within 90 days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving central station electric service.", so as to make the bill read:

Be it enacted, etc., That (a) section 3 of the Rural Electrification Act of 1936, as amended (7 U. S. C. 903), is amended by striking out subsections (c), (d), and (e) and inserting in lieu thereof the following:

"(c) If any part of the annual sums made available for the purposes of this act are not loaned or obligated during the fiscal year for which they are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years. The Administrator shall, within 90 days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving central station electric service."

(b) Subsection (f) of section 3 of such act is redesignated as subsection (d).

SEC. 3. Section 4 of the Rural Electrification Act of 1936, as amended (7 U. S. C. 904), is amended by striking out "the provisions of sections 3 (d) and 3 (e) but without regard to the 10 percent limitation therein contained", and inserting in lieu thereof "section 3."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I send to the desk an amendment in the nature of a substitute and ask that it be read.

The PRESIDING OFFICER. Is the Senator's amendment a substitute for the entire bill?

Mr. HUMPHREY. Yes, Mr. President.

The PRESIDING OFFICER. The Chair will advise the Senator that it is not in order at this time.

The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The amendment of the Senator from Minnesota is now in order.

Mr. HUMPHREY. Mr. President, I ask that the amendment be read by the clerk.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and insert in lieu thereof the following:

That subsections (c), (d), and (e) of the Rural Electrification Act of 1936, as amended (7 U. S. C. 903 (c), (d), and (e)) are amended to read as follows:

"(c) Twenty-five percent of the annual sums herein made available or appropriated for loans for rural electrification pursuant to sections 4 and 5 of this title shall be allotted yearly by the Administrator for loans in the several States in the proportion which the number of their farms not then receiving central station electric service bears to the total number of farms of the United States not then receiving such service. The Administrator shall within 90 days after the beginning of each fiscal year determine for each State and for the United States the number of farms not then receiving such service.

"(d) The remaining 75 percent of such annual sums shall be available for rural electrification loans in the several States and in the Territories, without allotment as hereinabove provided in such amounts for each State and Territory as, in the opinion of the Administrator, may be effectively employed for the purposes of this act, and to carry out the provisions of section 7: *Provided, however,* That not more than 25 percent of said unallotted annual sums may be employed in any one State, or in all of the Territories.

"(e) If any part of the annual sums made available for the purposes of this act are not loaned or obligated during the first 6 months of the fiscal year for which they are made available, such unexpended or unobligated sums shall be available for loans by the Administrator during the balance of such fiscal year and in the following year or years without allotment: *Provided, however,* That not more than 25 percent of said sums for rural electrification loans may be employed in any one State or in all of the Territories."

SEC. 2. Section 4 of such act is amended by striking out "10 percent" and inserting "25 percent."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota.

Mr. KNOWLAND. Mr. President, may we have an explanation of the amendment?

Mr. HUMPHREY. The amendment would prescribe a different formula from that which now exists and which was originally adopted in 1936.

The present Rural Electrification Act has a very strict formula which was designed at the time of the passage of the act to insure that there would be funds available for each and every State in the Union for purposes of REA loans. The present act provides that 50 percent of the annual sums made available and appropriated for loans for rural electrification pursuant to sections 4 and 5 shall be allotted yearly by the Administrator for loans in the several States in proportion to the total number of farms in the United States not then receiving service.

Then the present formula goes on to provide that the remaining 50 percent shall be available "without allotment as hereinabove provided in such amounts for each State and Territory as in the opinion of the Administrator may be effectively employed for the purposes of the act."

What my amendment does is to change the formula from a 50-50 ratio to a 75-25 ratio.

Mr. President, I should like to yield to the sponsor of the proposed legislation, my senior colleague, but may I say, first, that it was felt by the Rural Electrification Administration and the rural electrification cooperatives that the rigid formula which was established by the act of 1936 was no longer operative or effective. In fact, the rigid formula of 50 percent being available to the States on the basis of the number of unelectrified farms in those States placed a burden upon REA in terms of not providing adequate funds for the kind of rural electrification program we need today, with new generating plants and firming up of power lines.

The formula which I have suggested will give the REA Administrator 75 percent of all funds for his discretionary use to carry out the purposes of the act, as compared with the former formula of 50 percent. The amendment would provide 25 percent of the funds appropriated in a special category to be allocated to the States on the basis of the number of nonelectrified farms as related to the total farm population.

Mr. KNOWLAND. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. KNOWLAND. Mr. President, I have no fixed objection to the amendment which the Senator from Minnesota is offering, but may I inquire whether this change was brought before the committee and discussed in the committee at all?

Mr. HUMPHREY. It was not. But I respectfully suggest that I have discussed it with several members of the committee, including the chairman of the committee. There has been a feeling amongst some of our colleagues who are deeply concerned about the program that a formula such as was originally contemplated might very well leave certain States without adequate services. Furthermore, I consulted with the distinguished Senator from Arizona [Mr. HAYDEN], chairman of the Appropriations Committee, and with the chairman of the Subcommittee on Rural Electrification [Mr. RUSSELL], and both of them felt that there should be some formula of the kind suggested. In fact, they advised and counseled that it would be extremely difficult for the Appropriations Committee to do the job required of it unless there were such a formula.

Mr. KNOWLAND. I have no particular quarrel with that point of view, although it seems to me that in the normal course of legislating it might have been preferable, at least, to have the proposed amendment laid before the committee so there could have been some discussion of it, because we have today what appears to be a rather substantial amendment, which was read, but which has not been printed, and which is not available for study by Members of the Senate. I am not constrained to ask that the matter go over, but I think it is a fairly substantial amendment to be presented without any copies of it being made available to Members of the Senate.

Mr. HUMPHREY. Basically I agree with the Senator's observation. I reported from the committee a bill which

removed all the restrictions; in fact, it was that particular bill which I favored. However, after not only 1 day, but many days, of consultation with Members who were deeply concerned about the matter, and also after consultation with representatives of the Rural Electrification Administration itself, as well as with representatives of the National Rural Electric Cooperative Association, it was agreed that some formula which would give more leeway to the Administrator would be acceptable.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Mississippi.

Mr. STENNIS. I may say to the Senator from California, if he will give me his attention, and to other Senators that the proposal to abolish entirely the money distribution formula came from the committee. But I was one who opposed the outright abolition of the formula, not only as it might apply to my State of Mississippi, but also because it took the Committee on Appropriations entirely out of the picture.

The chairman of the Committee on Appropriations had somewhat the same viewpoint, as did the chairman of the subcommittee. No one opposed the modified formula.

The amendment which has been offered is along the same lines as the committee bill, except that it does not change the present law so much. The amendment, therefore, is more conservative, by a considerable degree, than is the committee bill, and is not a departure from the standards which have been approved for 20 years.

In that respect, the amendment is a proper one to be offered now, although I am opposed to the bill entirely.

Mr. HUMPHREY. Mr. President, I respectfully suggest that my colleague, the distinguished senior Senator from Minnesota [Mr. THYE], who is the principal sponsor of the bill which was reported by the committee, and also the distinguished senior Senator from Vermont [Mr. AIKEN], who is likewise a sponsor of the bill, possibly would like to make known at this time their views of the amendment which has been offered.

Mr. THYE. Mr. President, I introduced Senate bill 153 because I believed that the earmarking or restricting provision in the act allocating certain sums of money was having the effect of actually impounding funds which were never used, and that there was great need of funds in some areas where there was an inadequate supply of energy, or in areas where there should be generating plants, or an expansion or enlargement of facilities in order to provide an adequate supply of electrical energy.

We did not interfere with the funds impounded in certain States which were allocated or earmarked for those States. We felt that what should be done was to retain the earmarking provision in the act, and to trust to the good judgment of the Administrator of the REA to allocate the funds wherever approved REA projects existed.

In the first place, a project must be developed by a user; and if it is an economically feasible project, and is approved by the Administrator of the REA, the funds are then made available.

I think the Nation has been plentifully covered with REA associations. There are now only isolated areas which need to be taken care of, and they are being taken care of whenever it is economically feasible to extend transmission lines to them. For that reason, I have thought that the act itself had really reached its maturity.

We have never questioned the amount of money which has been requested and for which need has been shown. Whenever a project was proved to be necessary, Congress appropriated the funds for it. There has never been a misuse of the funds. I think the REA has the best record of any governmental activity with respect to the expenditure of funds, and also as to the benefits it has conferred, and the services it has rendered in the development of the various REA associations.

I became apprised only in the last 30 minutes of the amendment which has just been offered. I do not know what the attitude of the REA would be with respect to it. I have not had an opportunity to examine the amendment sufficiently to know whether it would continue the restrictive measures which were recognized as being undesirable. However, in the case of a State which still has a number of farms which are not electrified, I can foresee that there might be concern with respect to the percentage of the annual appropriation which is earmarked for that State.

But, in the main, I believe the fears are unfounded. I do not believe any member of the Committee on Appropriations or any official of the REA would deny to any community the right to funds with which to construct REA lines, if it were proved that the project would pay its way and pay for itself.

Therefore, I think the amendment offered by my colleague, the distinguished junior Senator from Minnesota [Mr. HUMPHREY] may not be necessary. As a member of the Committee on Appropriations for many years, I would be willing to go on record as saying that at any time the committee had before it a request for a regular or a deficiency appropriation, and if it could be proved that there was a community anywhere in the United States which was qualified to receive an REA line, but a question of funds was involved, such an appropriation would be favorably acted upon.

The Senator from Mississippi [Mr. STENNIS], is concerned, and rightfully so, about some areas within his own State. I commend him for his concern. I think possibly he had much to do with the offering of the amendment, because I know he objected when the bill was called up for consideration on the unanimous-consent calendar.

I know of the great concern of the Senator from Mississippi for the farmers and others in his State who might at some time desire to become affiliated with an REA association. That is all to his credit.

But I believe the REA has grown up. I do not believe the proposed restriction is necessary. If there is any intention of voting on the question this afternoon, I would urge that a vote not be taken until I have had an opportunity to get an expression of the views of the REA in the matter.

I do not want to see continued a restrictive measure which in the past has proved to be unwise. I know that thousands and thousands of dollars have been earmarked to different States which could not suggest a project. They had nothing to propose, but they simply wanted to have a generating plant.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. THYE. I yield.

Mr. STENNIS. I appreciate the Senator's interest in the bill and his understanding of my concern in the matter.

Under the terms of the amendment, is it not true that 75 percent of the money appropriated would be invested entirely in the discretion of the Administrator of the REA, subject only to one limitation, namely, that he could not spend more than 25 percent of the 75 percent in one State? That is the purpose of the amendment now before the Senate.

The other 25 percent would be subjected to the formula for 6 months only. If it was not used or applied for by the States within a 6 months' period, the money would then revert to the general fund and could be used only in the discretion of the Administrator.

That is going far by way of compromise to meet the terms of the Senator's bill. It leaves only a fragment of a formula under which Congress can make an appropriation. Otherwise, there would be no restraints, no restrictions, and no control whatsoever. Congress would appropriate money which could be used in the discretion of the REA.

Frankly, I think we would be going backward, at least by one step, to abandon the entire formula. So the amendment is more acceptable, in that it retains at least a fragment.

Mr. THYE. Mr. President, my reply to the distinguished Senator from Mississippi is that the money was earmarked in the first place because there was such a crying need in every area of the United States. Then a question arose as to whether a State was a little tardy in developing a project. The question of who would use the money was not involved, because no other State would be given the funds.

We have gone through that stage. We are no longer in that development period. For that reason I believe we could trust any administrator of the REA, because he has to come before the Appropriations Committee at the next regular appropriation session, which is no more than 12 months from any particular date. If the Administrator had been in error in the manner in which he had been in error in the manner in which he had administered the program the previous year, we could always write restrictive measures into the law.

I have not had a chance to study the amendment, but on the surface of it, if the restriction of 6 months were

adopted, I am wondering whether, in controlling the operation for 6 months we would again be imposing a restriction which would be administratively unwise. If the REA could examine the proposal overnight, then at the next session of the Senate, which will be on Thursday, as I understand, we could determine whether we desired to act on it.

I have no pride of authorship of the bill. I merely took the Department's recommendation and embodied the recommendation into the bill. I introduced it, and it went to a subcommittee. The subcommittee studied it, and it is now on the floor with its recommendation. The bill came up on a call of the calendar. It was objected to. This afternoon there is before the Senate what is absolutely a substitute proposal. I have not had a chance to look at it.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. THYE. I shall conclude my remarks with the statement that it may be that the Department will accept the proposal as one under which it will be administratively possible for them to do a good job. If that is the case, it is perfectly all right. The Department may say it is not what it hoped for, or what it thought should be done. I should like to have a report from it. All I ask is that the proposal go over until we may obtain a report from the Department. It may turn out to be perfectly acceptable to the Department.

Mr. STENNIS. The Senator from Mississippi is not trying to push the passage of the bill; the Senator from Mississippi is against the passage of the bill.

Mr. THYE. I know the Senator is.

Mr. STENNIS. The Senator from Mississippi is against the bill, but as a matter of getting the question settled, I agreed not to oppose the amendment. That is my position. I shall speak at length upon the wisdom, as I see it, of retaining the formula.

Mr. THYE. I answer my good friend, and I say "good friend" with all sincerity, in this manner: If there are funds earmarked here and there throughout different States, as the act now provides, and if a generating unit is needed in a certain region, which might comprise 3 or 4 States, funds are impounded under a restrictive provision in the act. One area might have a deficit of current, and there would be no way the administrator could recognize that there was a deficit, and administratively take care of it.

If the State of Mississippi needed 25 percent of an allocated sum of money for a 6-month period I would not deny that to Mississippi; but the restrictive provision in the act makes it impossible to meet the needs, when for instance, the greater problem might be that of increasing the capacity of rural lines or providing more generating capacity in an area comprising perhaps several States, because there was not available either the current to meet the load demand or there was not in existence a line which could carry the load it was required to carry in order to serve users on that line.

Most of us who put electricity in our homes 20 or 30 years ago thought we would probably use only a few thousand kilowatts. Now we find ourselves using 7, 8, 10, and 100 times what we anticipated we would need. It means the lines have to be increased in their carrying capacity.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. THYE. I am delighted to yield.

Mr. HOLLAND. I wish to say first I fully agree with the position just taken by the Senator from Minnesota [Mr. THYE] to the effect that the amendment should lie over until we can all examine it. Certainly, I particularly agree with the position taken by the Senator from Mississippi, to the effect that this is something which requires all of us to be extremely cautious.

As I understand the matter, the bill as reported would permit the Administrator of the REA to funnel the whole amount available under an appropriation into 1 or 2 or 3 States.

I cannot imagine anything more potent or more tempting, from the political standpoint, to cause REA to be made a political plaything, which of course it has not been, and I hope the Senate will see fit to let the matter lie over.

By way of one additional comment, if I may put it in the Record, I should like to say this bill was reported by the committee apparently on the same day the bill the Senate just acted on was reported. I was unable to be present. I have never heard of it before. As I understand the content of the proposal, it would completely destroy the formula under which we have lived very happily, and would ignore the fact that replacements of weak lines of a distribution system by stronger ones are needed everywhere, even in those States electrified to a very high degree.

I certainly hope we can come up with a sound formula rather than a weak formula, because it would tend to make the whole system subject to political control and manipulation, if such desire were present.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. THYE. Mr. President, I wish to yield the floor.

Mr. LANGER. Mr. President, does not the Senator believe that before we act on the proposal we should have a report from the department?

Mr. THYE. That is my position. The Senator from Mississippi [Mr. STENNIS] would like to permit the act to remain as it has been, and I can appreciate his views. For that reason, it is not a question whether the Senator from Mississippi desires to have the proposal acted on or not. I personally want to have an opportunity to look at the amendment which is before the Senate, and should like very much to have a departmental report on it. I am in no hurry. All I wished to do by introducing the bill was to try to help the REA function more efficiently and do a better job in the various States and areas of the Nation which are affected. That was my only concern. So I hope we can let the bill go over to a later date.

Mr. AIKEN. Mr. President, I am unable to express an opinion on the proposed amendment, because I have never seen or heard of it until this afternoon. The original bill was introduced by the Senator from Minnesota and two of his colleagues last January, and was referred to a subcommittee, which held hearings, at which time anyone who was interested could appear and express his opinion on the bill. As I recall, the farm organizations were in agreement on the bill, including the amendment, which was included by the subcommittee, and it cannot be too bad when the Farm Bureau Federation and the Farmers Union advocate the same provisions. However, the bill went to the full committee; and, as I recall, was reported without opposition, although no doubt not all members of the committee were present at that time.

The purpose of the bill is to get away from exorbitant appropriations which would be necessary in order to meet the needs of each State under the old allocation law. For instance, last year it was impossible to meet the requirements of Colorado and Illinois; it would have been necessary to have appropriated \$450 million in order to give them what they really needed under the formula.

So it is generally agreed by those who have been interested in rural electrification work—and as I have said, the farm organizations, the National Rural Electric Cooperative Association, and all other groups in this field take the same position—that at this time the formula is a drawback, rather than an asset, as regards carrying on the work of the REA.

However, I do not know what would be done by the amendment proposed by the Senator from Minnesota [Mr. HUMPHREY]. It is proposed, I assume, on behalf of the Senator from Mississippi [Mr. STENNIS].

Mr. HUMPHREY. Yes.

Mr. AIKEN. The Senator from Minnesota did not offer it in his own behalf, I take it.

Mr. HUMPHREY. No.

Mr. President, will the Senator from Vermont yield at this point?

Mr. AIKEN. I yield.

Mr. HUMPHREY. First of all, the Senator from Vermont knows that I happen to agree with the bill, as it was reported from the committee.

Mr. AIKEN. That is true.

Mr. HUMPHREY. As the Senator from Vermont has pointed out, I wish to say it is one bill regarding which we had no opposition from any witness.

Mr. AIKEN. That is correct.

Mr. HUMPHREY. The purpose in offering the amendment, Mr. President, is to give the Senate an opportunity to review the effect of such a formula, as compared to what I call an open-end authorization, as provided by the committee.

I have no doubt in my own mind that the REA administrators, whoever they may be, will "play it square" under this arrangement. Certainly we have nothing to indicate to the contrary. I felt that with the REA associations and the Farm Bureau and other interested groups getting together on the bill, it must be a rather good one.

Let me say it is not my view that we should attempt to have the Senate act on the bill tonight.

As to the amendment, I think it is an equitable one; if a formula is desired, I think the amendment proposes as good a formula as we can find. But I believe we would be derelict in carrying out our responsibility if we were to attempt to hold the Senate in session tonight and to have the Senate act on the bill tonight. I believe the Senate should take a recess until Thursday, by which time we can obtain word from the REA associations and other interested groups in our respective States; and then we shall be in a much better position to legislate on this subject.

Mr. AIKEN. Mr. President, I wish to concur in the statement that the REA administrators have been absolutely fair and square; and certainly that statement applies to Mr. Cooke and to Mr. Wickard and to Mr. Nelsen, who is following in the steps of Mr. Wickard. I have no complaint at all about them. I cannot conceive that any administrator of this great agency would be unfair to Mississippi or to any other State. In fact, I would be surprised if some States, and possibly Mississippi is one of them, would not fare much better under the bill, rather than under the present formula.

However, we should know what is in the amendment, which is in the nature of a complete substitute. We should hear from the Rural Electrification Agency and from Mr. Nelsen, as to whether the amendment contains any administrative bugs; and then we can determine what we wish to do about the matter.

But I believe we should amend the law, so that we shall not have to make enormous appropriations of funds, possibly as large as \$500 million, in order to give one State what it needs under the formula, whereas otherwise \$150 million or \$175 million a year would suffice.

Mr. HUMPHREY. Mr. President, I wish to underscore and emphasize what the amendment provides, so the RECORD will be crystal clear for those who will study it during the next few days.

The amendment provides that 75 percent of the total appropriation shall be within the discretion of the Administrator. The other 25 percent, which will be allocated under the formula, will be restricted by the formula for 6 months; and if during the 6 months' period the States which are entitled to participation under the formula have not used all their funds, as thus allocated, then the total sum thus remaining will revert to the 75 percent fund, which could easily mean that the Administrator during at least 6 months of the year would have 100 percent discretionary authority, complete control, over the entire appropriation.

The purpose of the formula—which, by the way, was discussed with representatives of the National Rural Electric Cooperative Association and with the Senator from Mississippi [Mr. STENNIS], who has felt very strongly about this matter—was to protect the States which as yet have not been able to catch up with the full development of rural elec-

trification, and to give them the consideration they justly deserve.

The second purpose of the formula was to make sure that out of the total appropriations, there would be reasonably controlled distribution, thereby limiting any one State to not more than 25 percent of the total appropriation. I think that is a rather fair limitation.

Previously, I said that I, personally, felt that we could well support, and could do so with honor and validity, an open-end authorization, so to speak, by which I mean removing all restrictions; and that is what was requested by the former Administrator of the REA and also by the present Administrator.

But there are those who feel that for the purposes of controlling the appropriations, it would be desirable to have a formula which would relieve the Administrator of any necessity to pass judgment on each and every project contemplated, because the formula will provide that authority for the REA Administrator.

Mr. BARKLEY. Mr. President, will the Senator from Minnesota yield for a question?

Mr. HUMPHREY. I yield.

Mr. BARKLEY. The bill, as reported, as I recall—having read it here on the floor, since it was called up—provided that any unused or unallocated funds appropriated might go over to a subsequent year or subsequent years. Is that correct?

Mr. HUMPHREY. That is correct.

Mr. BARKLEY. The amendment, as offered by the Senator from Minnesota as I have read it hastily, does not so provide.

Mr. HUMPHREY. Yes; it does.

Mr. BARKLEY. Does it?

Mr. HUMPHREY. Yes; because at the end of 6 months, if any unallocated funds are available, they will revert to the general fund.

Mr. BARKLEY. In other words, they will revert to the 75 percent?

Mr. HUMPHREY. Yes.

Mr. BARKLEY. And the 75 percent may go over to a subsequent year or years. Is that correct?

Mr. HUMPHREY. Yes; and the 25 percent, if not used during the 6 months' period, can also go over.

Mr. BARKLEY. In other words, whatever is left at the end of the year, out of the total amount, can go over to a subsequent year or years. Is that correct?

Mr. HUMPHREY. That is correct.

Mr. BARKLEY. Under the amendment, whatever is left from the 25 percent will go to the 75 percent, and then will go over to a subsequent year or years, will it?

Mr. HUMPHREY. That is correct. So, Mr. President, under the discretion of the Administrator, the fund may very well build up, at least if anything from the year's appropriation is left over. In other words, if the appropriation for the fiscal year 1956, let us say, was not used under the 25 percent limitation of the formula, any of the 25 percent thus remaining would go into the category of the 75 percent of the total appropriation under the discretion of the Administrator.

Mr. BARKLEY. The original bill sounded a little simpler.

Mr. HUMPHREY. It is.

Mr. BARKLEY. Because it did not provide for the 75-percent and 25-percent categories. I believe those categories are responsible for a little of the confusion which has developed in the minds of Senators.

As the Senator from Minnesota knows, I was profoundly in support of the original REA Act, and I believe it has provided one of the greatest programs for the benefit of agriculture. I would not wish to have anything in its operations restricted beyond a reasonable extent. Therefore, I believe it is wise for this matter to go over until Thursday, so that Senators may study it.

Mr. HUMPHREY. I thank the Senator from Kentucky.

Mr. President, I wish to say that the modified formula, as presented, does more for the farmers, under the REA, than the present formula could ever do. The modified formula, as presented, will release millions of dollars of locked-up funds, and will provide the Administrator with almost unlimited authority to use the funds for developmental projects, but at the same time with insistence, in the best meaning of the word—in other words, with a cautious concern on the part of the Senator from Mississippi [Mr. STENNIS]—that the program be deemed desirable. That is why the amendment was submitted.

There are Senators who felt that the Senate should have a choice between a well-considered formula and an open-end authorization to the Administrator, with no formula.

Mr. BARKLEY. Mr. President, will the Senator further yield for a question?

Mr. HUMPHREY. I yield.

Mr. BARKLEY. How is it proposed, between now and Thursday, to obtain reports from the administrator and the farm cooperatives whose views are to be sought?

Mr. HUMPHREY. Let me say to the Senator from Kentucky that the amendment which was presented was developed in cooperation with the representatives of the National Rural Electric Cooperative Association. That is the national association.

Mr. BARKLEY. I am familiar with that association.

Mr. HUMPHREY. We have not had an opportunity to take this particular amendment up with the National REA Administration under the Department of Agriculture.

Mr. BARKLEY. That is Mr. Nelsen.

Mr. HUMPHREY. Yes. I wish to say, however, that I have consulted by telephone with one of the officers of the REA, and while the REA officials have not given their approval, they have not given a negative reaction. I feel that it is the duty of the subcommittee, of which I am privileged to be chairman, to consult the REA officials in the Department and obtain their views, as well as the views of any other agency interested. I shall certainly do that between now and Thursday, and present those views to the Senate.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. RUSSELL. I wish to commend the Senator from Minnesota, the Senator from Mississippi [Mr. STENNIS], and other Senators who have contributed to the substitute, which provides some sort of legislative standard. I was very apprehensive about the original bill, which provided for a lump-sum authorization. It is all well and good to say, "We know that the Administrator will not do this, or will not do that." That is the kind of argument which brings about government by men rather than government by law.

It is the function of the Congress to provide some kind of standards, if possible to compose a standard, which will give some measure of protection to every section of the country.

It has been almost the unbroken history of Government that lump-sum authorizations, which call for lump-sum appropriations, without the benefit of budget estimates as to breakdowns, have brought about earmarking by the Congress. It is much better to have some simple standard at the outset than to bring about a wild scramble on the part of the members of the Appropriations Committee and other Members of Congress to try to have their own particular projects earmarked.

I have handled appropriations for the Rural Electrification Administration for 18 or 20 years. It is my opinion that it is much better to have certain standards, simple though they may be, and even though they may be accompanied by escape clauses to permit the funds eventually to be channeled at the discretion of the REA Administrator, than to appropriate \$150 million to \$160 million out of hand, and say to a particular individual, "Here it is; allocate it as you see fit."

In the long run I think it will serve the interest of all those who are interested in promoting the work of this agency, which has, perhaps, in some respects been the greatest accomplishment of the so-called New Deal, and which has brought about more permanent good than any other agency, to have it operate under certain simple standards. Certainly, that could interfere with the administration of the agency in any way, but such standards would serve to protect us from a situation in which the Congress undertakes to earmark funds in years to come.

Mr. HUMPHREY. I thank the Senator from Georgia. Those are reassuring words. There is no more staunch advocate or friend of the REA in the Congress than the Senator from Georgia.

As the Senator knows, I respected his judgment in this matter, and sought his counsel and advice, as I did that of the Senator from Mississippi [Mr. STENNIS]. I feel that between now and Thursday, if we have an opportunity to look the situation over, we can reconcile any differences there may be, and report a bill for the good of REA. That is what we are really interested in. We want the REA to move ahead, and not be in any way encumbered with standards or formulas which will restrict its operations.

Mr. JOHNSON of Texas. Mr. President, if I may have the attention of the Senator from Minnesota [Mr. HUMPHREY], we had another schedule for Thursday. It was our understanding that the pending bill would be acted upon today. It was the opinion of the majority leader that an agreement had been reached between the two Senators from Minnesota and the Senator from Mississippi. Now we are confronted with a problem. It may very well be that the conference report on the reciprocal trade extension bill will soon be ready. We have assured other Senators that proposed legislation in which they are interested will be considered on Thursday.

Is it the opinion of the chairman of the subcommittee that much time will be consumed on this subject on Thursday?

Mr. HUMPHREY. Let me say to the Senator from Texas that the junior Senator from Minnesota has had a most difficult assignment with this particular bill. I have been trying to reconcile some of the conflicts of opinion in the Senate. I felt, and still feel, in view of the expression of some of our colleagues, that it would be a bit unfair to a number of them to try to remain in session and force a vote upon this particular issue before they have had an opportunity to read the printed record and obtain an expression of views from any persons they may wish to consult.

Therefore I respectfully request of the majority leader that the pending bill be made the first item of business on Thursday, if he can so arrange it, unless a conference report or some other privileged matter intervenes. I am sure that my senior colleague [Mr. THYE], who is the principal author of the original bill, will wish to expedite action, as will the Senator from Mississippi.

Mr. THYE. Mr. President, I can assure the majority leader that my debate on the question will certainly be limited. All I wish to do is to determine whether anyone objects to the restriction which would be imposed by the proposed amendment. I wish to give the REA Administration in the Department an opportunity to examine the amendment and submit a report on it. The reading and explanation of the Department's report will constitute any argument I desire to advance.

Mr. STENNIS. Mr. President, as one of those who have worked on this subject, and as one who does not wish to delay action merely for the purpose of delay, I feel compelled to serve notice that I oppose the bill as reported by the committee, and that I reserve the right to oppose it without limitation.

However, I think there should be some modification of the present formula, and I would approach the subject with that view in mind. I am willing to try to agree on a proposal which I think meets the requirements, as reflected by the present amendment. I, too, believe that under the circumstances it would be well to postpone consideration of the bill for the purposes suggested.

Mr. JOHNSON of Texas. Mr. President, I have no desire to rush the Senate into action on this bill or any other

bill. I wished to inform Senators that we had made certain plans for Thursday. I hope those plans will not have to be entirely laid aside because of the necessity of spending the day on this bill. If Senators who are interested in the bill can utilize tomorrow, while the Senate is in recess, to obtain the information they need and come to an agreement, we can spend a reasonable amount of time on Thursday discussing the bill and trying to have action taken upon it. If not, we may have to keep our commitments to other Senators and to proceed to the consideration of other measures.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

S. 1006. An act to authorize the execution of agreements between agencies of the United States and other agencies and instrumentalities for mutual aid in fire protection, and for other purposes; and

S. 1763. An act relating to the extension and the final liquidation of the Commission on Organization of the Executive Branch of the Government.

AUTHORITY TO SIGN ENROLLED BILLS DURING RECESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Vice President or the President pro tempore be authorized to sign, during the recess following today's session, duly enrolled bills passed by the two Houses.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HOLLAND. Mr. President, I believe I can save time on Thursday by placing certain material in the RECORD at this time. I shall require approximately 10 minutes.

The PRESIDING OFFICER. The Senator from Florida is recognized.

DEDICATION OF PORTIONS OF INTER-AMERICAN HIGHWAY IN CENTRAL AMERICA

Mr. HOLLAND. Mr. President, at the joint suggestion and invitation of the Department of Commerce and the Department of State, a United States delegation left Washington on Thursday, May 5, to participate in ceremonies held on the Nicaragua-Costa Rican border marking the opening of a link in the Inter-American Highway from Santa Cruz, Costa Rica, to the Nicaraguan border. The delegation consisted of—

Representative GEORGE H. FALLON, chairman of the Subcommittee on Roads, House of Representatives.

Representative GEORGE A. DONDERO, ranking minority member of the Subcommittee on Roads, House of Representatives.

Representative TOM STEED, member of the Subcommittee on Roads, House of Representatives.

Representative WALT HORAN, member of the Department of Commerce Sub-

7. One hundred and fifty-eight degrees six minutes seventy-two feet along L. C. Aw. 7296 to Puhā, along stone wall;

8. Two hundred and sixty degrees thirty-six minutes ninety and seven-tenths feet along stone wall;

9. One hundred and ninety-four degrees ten minutes sixty-two and nine-tenths feet along stone wall along L. C. Aw. 7295 and 6979-B:2 to Keolawa;

10. One hundred and seventy-five degrees fifty-four minutes twenty-six and nine-tenths feet along stone wall;

11. Two hundred and fifteen degrees thirty-seven minutes forty-seven and four-tenths feet along stone wall along remainder of L. C. Aw. 11216:34 to M. Kekauonohi;

12. One hundred and seventy-two degrees twenty-eight minutes forty-eight and one-tenth feet along same;

13. Two hundred and twenty-six degrees twenty-three minutes two hundred twenty-eight and eight-tenths feet along remainder of L. C. Aw. 11216:34 to M. Kekauonohi to the south side of fifty-foot road;

14. Two hundred and sixty-four degrees fifty-one minutes one hundred fifteen and two-tenths feet along the south side of fifty-foot road;

15. Two hundred and fifty-two degrees thirteen minutes two hundred and two-tenths feet along same;

16. Two hundred and eighty-six degrees thirty minutes one hundred seventy and nine-tenths feet along same;

17. Two hundred and thirty-eight degrees twenty-five minutes ninety-two and eight-tenths feet along same;

18. Two hundred and twenty-three degrees one minute one hundred fourteen and four-tenths feet along same;

19. Three hundred and thirty-eight degrees forty-nine minutes thirty seconds four thousand nine hundred eighty and three-tenths feet along the remainder of L. C. Aw. 11216:34 to M. Kekauonohi and L. C. Aw. 7712:1 to M. Kekuanaoa and passing over a one and one-fourth-inch pipe in concrete monument at one thousand four hundred eighty-one and six-tenths feet to the point of beginning.

Area, one hundred sixty-six and ninety one-hundredths acres.

PARCEL 2

Being portions of L. C. Aw. 11216 Apana 34 to M. Kekauonohi, R. P. 7874 (Ahupuaa of Honaunau).

Beginning at a pipe in concrete at the northeast corner of this parcel, the coordinates of said point of beginning referred to Government Survey Triangulation Station "Lae-O-Kanoni" being two thousand one hundred thirty-nine feet south and eleven thousand six hundred seventeen and nine-tenths feet east and running by azimuths measured clockwise from true south:

1. Three hundred fifty-eight degrees twenty-three minutes two hundred sixty and four-tenths feet along the remainder of L. C. Aw. 11216:34 to M. Kekauonohi;

2. Ninety-three degrees thirty minutes two hundred and sixty-nine feet along the same, along stone wall, along lot 2 of the subdivision by B. P. Bishop estate;

3. Eighty-two degrees no minutes three hundred and eighteen feet along same to the east side of fifty-foot road;

4. Thence along the east side of fifty-foot road, the direct azimuth and distance being: one hundred seventy-one degrees twenty minutes two hundred ninety-one and five-tenths feet;

5. Two hundred and seventy degrees no minutes six hundred and twenty feet along the remainder of L. C. Aw. 11216:34 to M. Kekauonohi to the point of beginning.

Area, three and seventy one-hundredths acres.

Together with an easement six feet wide for a pipeline right-of-way extending from the Government road to parcel 1, the south side of said right-of-way being described as follows:

Beginning at the east end of this right-of-way on the common boundary of the lands of Honaunau and Keokea, the coordinates of said point of beginning referred to Government Survey Triangulation Station "Lae-O-Kanoni" being three thousand one hundred ninety and eight-tenths feet south and eleven thousand seventy-eight and eight-tenths feet east, and running by azimuths measured clockwise from true south:

1. Eighty degrees thirty-six minutes five seconds one hundred and seventeen feet along L. C. Aw. 7712:1 to M. Kekuanaoa, to the Triangulation Station "Ahupuaa" of the B. P. Bishop estate;

2. Eighty-two degrees twenty minutes seven thousand two hundred eighty-nine and one-tenth feet along same to a one and one-fourth-inch pipe in concrete monument on the east boundary of parcel 1 the coordinates of said point of the end of this six-foot right-of-way referred to Government Triangulation Station "Lae-O-Kanoni" being four thousand one hundred eighty-two and four-tenths feet south and three thousand seven hundred thirty-nine and four-tenths feet east.

Area, one and two one-hundredths acres.

PARCEL 3

Being portion of L. C. Aw. 8521-B to G. D. Hueu, being portion of the Ahupuaa of Kiilae.

Beginning at a one and one-half-inch pipe in concrete monument called "Kalani" at the northeast corner of this parcel, the southeast corner of parcel 1, on the common boundary of the land of Keokea and Kiilae, the coordinates of said point of beginning referred to Government Survey Triangulation Station "Lae-O-Kanoni" being seven thousand four hundred forty-four and eight-tenths feet south and five thousand three and two-tenths feet east and running by azimuths measured clockwise from true south:

1. Three hundred thirty eight degrees forty-nine minutes thirty seconds five hundred ninety-five and four-tenths feet along the remainder of L. C. Aw. 8521-B to G. D. Hueu to the eight thousand foot south coordinates line referred to Government Survey Triangulation Station "Lae-O-Kanoni";

2. Ninety degrees no minutes one thousand ninety-nine and seven-tenths feet along same and along said eight thousand foot south, coordinates line and across school grant 7 Apana 6 to high-water mark;

3. Thence along high-water mark, along sea, the direct azimuth and distance being: two hundred six degrees thirty-three minutes thirty seconds four hundred eighty-two and nine-tenths feet;

4. Two hundred fifty-nine degrees thirty-three minutes fifteen seconds six hundred eighty feet along L. C. Aw. 7712:1 to M. Kekuanaoa and passing over a rock called Kuwaia, marked K+K at six and eight-tenths feet to the point of beginning.

Area, ten and twenty-five one-hundredths acres.

SEC. 2. Upon the vesting of title in the United States to such lands as may be designated by the Secretary of the Interior as necessary and suitable for historical park purposes in accordance with the provisions of section 1 of this act, the City of Refuge National Historical Park shall be established by order of the said Secretary, which shall be published in the Federal Register. Any other lands within the area described above

shall become a part of the national historical park upon the vesting of title thereto in the United States and upon publication of an appropriate supplemental order by the said Secretary in the Federal Register.

SEC. 3. The Secretary of the Interior is authorized to procure, by donation or purchase, with any funds that may be available for that purpose, lands and interests in lands which may be needed for the City of Refuge National Historical Park within the area described in section 1 hereof.

SEC. 4. In order to cooperate with the Secretary of the Interior in consolidating in Federal ownership lands within the area described above, and to facilitate acquisition of the lands needed for the national historical park, the Governor of the Territory of Hawaii is also authorized to acquire lands for said park, at the expense of the Territory of Hawaii by exchange or otherwise, in accordance with procedure prescribed by the act of February 27, 1920 (41 Stat. 452).

SEC. 5. The City of Refuge National Historical Park shall be administered by the Secretary of the Interior subject to the provisions of the act of August 25, 1916 (39 Stat. 535; 16 U. S. C., 1946 edition, secs. 1-4), as amended and supplemented, and such additional authority compatible therewith as is contained in the act of August 21, 1935 (49 Stat. 666; 16 U. S. C., 1946 edition, secs. 461-467), with regard to preservation of historic sites and objects of national significance.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ELIMINATION OF LIMITATIONS ON RURAL ELECTRIFICATION LOAN FUNDS

The Clerk called the bill (H. R. 5376) to amend the Rural Electrification Act of 1936, as amended.

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

BULK PURCHASE OF FEDERAL FARM MORTGAGE CORPORATION ASSETS BY FEDERAL LAND BANKS

The Clerk called the bill (S. 941) to amend section 13 of the Federal Farm Loan Act, as amended, to authorize the Federal land banks to purchase certain remaining assets of the Federal Farm Mortgage Corporation.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. McCORMACK. Mr. Speaker, reserving the right to object, I would like to ask some member of the committee if the conditions under which the assets of the Federal Farm Mortgage Corporation can be purchased have been set out? If there is no one present to answer the question, Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

RELIEF OF JEFFERSON AND PLAQUEMINES DRAINAGE DISTRICT, LOUISIANA

The Clerk called the bill (H. R. 1768) for the relief of the Jefferson and Plaquemines Drainage District and certain persons whose properties abut on the Federal Government's right-of-way for Harvey Canal in Louisiana.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

SUBPENA POWER FOR COMMODITY EXCHANGE AUTHORITY

The Clerk called the bill (H. R. 4514) to strengthen the investigation provisions of the Commodity Exchange Act.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MILLER of Nebraska. Mr. Speaker, reserving the right to object, I would like to ask some Member certain questions about this bill. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

MILITARY PERSONNEL AND CIVILIAN EMPLOYEES' CLAIMS ACT OF 1955

The Clerk called the bill (H. R. 5650) to provide for the settlement of claims of military personnel and civilian employees of the Federal Government for damage to, or loss, destruction, capture, or abandonment of, personal property occurring incident to their service, and for other purposes.

Mr. CELLER. Mr. Speaker, I ask unanimous consent that this bill, H. R. 5650, be recommitted to the Committee on the Judiciary for further study.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

AUTHORIZING SETTLEMENT OF CLAIMS OF PATIENTS

The Clerk called the bill (H. R. 5787) to authorize settlement of claims for residential structures heretofore erected at the expense of patients on the grounds of the Public Health Service hospital, Carville, La.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated for the fiscal year ending June 30, 1956, not to exceed \$25,000 to enable the Secretary of Health, Education, and Welfare to settle or compromise all claims by various persons of right or title to or interest in certain structures (including furniture and fixtures therein) which were erected prior to January 1, 1954, by patients of the Public Health Service hospital at Carville, La., at their own expense on the grounds of the hospital.

Such claims may be settled or compromised, with the approval of the Administrator of General Services, for such amounts as may be arrived at by agreement between the Secretary and the persons claiming such right, title, or interest. Nothing in this act shall effect the authority of the Attorney General to conduct litigation affecting the United States, and no funds available for purposes of this act shall be available for paying any judgment or settlement arising out of any such litigation.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING SECTION 1721, TITLE 18, UNITED STATES CODE

The Clerk called the bill (H. R. 5417) to amend section 1721, title 18, United States Code, relating to the sale or pledge of postage stamps.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1721, title 18, United States Code, is hereby amended to read as follows:

"§ 1721. Sale or pledge of stamps

"Whoever, being a postmaster or postal service employee, knowingly and willfully; uses or disposes of postage stamps, stamped envelopes, or postal cards entrusted to his care or custody in the payment of debts, or in the purchase of merchandise or other salable articles, or pledges or hypothecates the same or sells or disposes of them except for cash; or sells or disposes of postage stamps or postal cards for any larger or less sum than the values indicated on their faces; or sells or disposes of stamped envelopes for a larger or less sum than is charged therefor by the Post Office Department for like quantities; or sells or disposes of postage stamps, stamped envelopes, or postal cards at any point or place outside of the delivery of the office where such postmaster or other person is employed; or for the purpose of increasing the emoluments, or compensation of the postmaster or any employee of a post office or station or branch thereof, inflates or induces the inflation of the receipts of any post office or any station or branch thereof; or sells or disposes of postage stamps, stamped envelopes, or postal cards, otherwise than as provided by law or the regulations of the Post Office Department; shall be fined not more than \$500 or imprisoned not more than 1 year, or both."

With the following committee amendment:

Page 1, line 7, strike out "willfully" and insert "willfully;".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LOWERING LIGHTHOUSE SERVICE RETIREMENT AGE

The Clerk called the bill (H. R. 3399) to lower the age requirements with respect to optional retirement of persons serving in the Coast Guard who served in the former lighthouse service.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AUTHORIZE EARLY COAST GUARD DISCHARGES

The Clerk called the bill (H. R. 5224) to amend title 14, United States Code, entitled "Coast Guard," to authorize certain early discharges of enlisted personnel.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the analysis of chapter 11 of title 14, United States Code, is amended by inserting following and underneath item 369 in such analysis, the following item:

"370. Discharge within 3 months before expiration of enlistment."

Sec. 2. Chapter 11 of title 14, United States Code, is amended by inserting, immediately following section 369 thereof, a new section, as follows:

"§ 370. Discharge within 3 months before expiration of enlistment.

"Under regulations prescribed by the Secretary, any enlisted man may be discharged at any time within 3 months before the expiration of his term of enlistment or extended enlistment without prejudice to any right, privilege, or benefit that he would have received, except pay and allowances for the unexpired period not served, or to which he would thereafter become entitled, had he served his full term of enlistment or extended enlistment."

The bill was ordered to be engrossed and read a third time, and was read the third time.

The title was amended so as to read: "A bill to amend title 14, United States Code, entitled 'Coast Guard', to authorize certain early discharges of enlisted personnel, and preserve their rights, privileges, and benefits."

A motion to reconsider was laid on the table.

RETIREMENT OF CERTAIN OFFICERS IN COAST GUARD

The Clerk called the bill (H. R. 5875) to amend title 14, United States Code, entitled "Coast Guard," for the purpose of providing involuntary retirement of certain officers, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. CUNNINGHAM. Mr. Speaker, reserving the right to object, I would like to inquire of the author of this bill or some member of the committee in reference to it.

Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

INCORPORATION OF ARMY AND NAVY LEGION OF VALOR

The Clerk called the bill (H. R. 3786) to authorize the incorporation of Army and Navy Legion of Valor of the United States of America.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 20, 1955
For actions of May 19, 1955
84th-1st, No. 83

CONTENTS

Acreage allotments.....	22	Information.....	30	Reserve forces.....	18
Adjournment.....	27	Lands, public.....	11	Roads.....	10,12
Appropriations.....	21,27	Legislative program..	10,27	School milk.....	26
Budgeting.....	3	Loans, farm.....	5,32	Seed.....	34
Contracts.....	9	Marketing quotas.....	29	storage.....	15
Educational exchange....	44	Minerals.....	36	Small business.....	48
Electrification		Mining.....	13	Surplus commodities..	19,27
.....	1,17,25,38,40	Natural resources.....	33	Surplus property.....	2,47
Family-size farms.....	45	Oleomargarine.....	16	Trade, foreign.....	34,37
Farm income.....	42	Organization.....	21,28	Travel expenses.....	4,20
Farm program.....	8,22	Personnel.....	14,28,31	Veterans' benefits.....	32
Feed.....	34	Postal pay.....	7,10	War powers.....	9
Flammable fabrics.....	49	Price supports.....	22,23,41,42	Wheat.....	29,39
Flood control.....	43	Reclamation			
Foreign aid.....	39	.....	6,17,19,22,27,40		
Forestry.....	13,35,46				

HIGHLIGHTS: Senate passed bills to: modify REA formula on funds; create Joint Budget Committee; increase per-diem and mileage allowances; provide additional surplus property for education and health agencies. Senate committee reported bill to reduce interest on disaster loans to 3%. House Rules Committee cleared bills for donations of surplus commodities and for loans to small reclamation projects. House committee reported bill to increase per-diem allowances. House debated reserve forces bill. Rep. Holifield criticized administration's farm program. Rep. Schaeffer introduced and discussed bill for 70% wheat price supports if quotas are rejected. Sen. Humphrey criticized administration's farm program.

SENATE

1. RURAL ELECTRIFICATION. Passed with amendment S. 153, to modify the formula for distribution of REA funds (pp. 5627-30). Agreed to a clarified version of the Humphrey amendment, which provides as follows: Retains but modifies the State allotment formula by making 25% (instead of 50%) of the annual loan fund appropriations subject to State allotment on the basis of unelectrified farms during the first six months of the fiscal year. Thereafter the unexpended or unobligated funds would be merged with the remaining 75% of the annual loan funds which would be available without allotment, with not more than 25% of unallotted annual loan funds to be employed in any one State, or in all of the Territories. Loan funds which are not loaned or obligated may be carried over to following years, under the amendment, but not more than 25% of such funds could be used in any one State or in all of the Territories.
2. SURPLUS PROPERTY. Passed as reported H. R. 3322, which provides as follows: Requires that surplus personal property carried in a working capital or similar fund in any Federal agency shall be considered for donation to educational or health institutions on the same basis as surplus personal property which is not carried in such a fund. Authorizes HEW to arrange for Federal and State agencies in carrying out their surplus-property responsibilities, to use each other's

facilities, services, etc. Makes other provisions regarding administration of the program by HEW. (p. 5637.)

3. BUDGETING. Passed without amendment S. 1805, which provides as follows:
Establishes a Joint Committee on the Budget composed of members of the Appropriations Committees. The Joint Committee would obtain information for the Appropriations Committees, make recommendations to the legislative committees, hold hearings, make personnel available to the Appropriations Committees, etc. Requires that the annual budget include an analysis of all active long-term construction programs authorized by Congress, showing for each the total estimated cost, the estimated expenditures during prior, current, ensuing, and subsequent fiscal years, and that all grant-in-aid programs be included in the analysis covering grants of indefinite duration. Provides for members of the Budget Bureau staff to be assigned to attend executive sessions of the appropriations subcommittees as may be required. Directs the Comptroller General to make investigations and reports for the Joint Committee upon request. Provides that all committees recommending legislation which would authorize appropriations must include in their reports estimates as to the initial cost of the project or programs and their continuing cost over the succeeding 5 years, based on estimates from the department or agency primarily concerned, after review by the Budget Bureau. Authorizes the Joint Committee to recommend joint hearings on appropriation bills. (pp. 5637-9.)
4. TRAVEL EXPENSES. Passed with amendment S. 1580, to increase/per-diem and mileage allowances (pp. 5645-6). S. 1795, on the same subject, was indefinitely postponed. Agreed to an amendment by Sen. Johnson to decrease the maximum per-diem allowance, as provided in the committee bill, from \$13 to \$12. Sen. Johnson said this amendment was proposed because a \$12 maximum was provided in the recent military pay bill. As passed by the Senate, the bill raises the maximum per-diem rate from \$9 to \$12, and the maximum mileage rates, for the use of private motorcycles and automobiles, from 4 and 7 cents to 6 and 10 cents, respectively.
5. FARM LOANS. The Agriculture and Forestry Committee reported without amendment S. 1755, to reduce from 5% to 3% the interest rate on disaster loans made by this Department (S. Rept. 363)(p. 5603).
6. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 180, to authorize the Washita River Basin reclamation project, Okla. (S. Rept. 361)(p. 5603).
The Committee also reported with amendment H. R. 103, to provide for construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies (S. Rept. 362)(p. 5603).
7. POSTAL PAY BILL. Received from the President a veto message on this bill, S. 1 (pp. 5625-6)(S. Doc. 44).
8. FARM PROGRAM. Sen. Humphrey criticized the administration's farm program, claiming that it is adversely affecting farm income, and said insufficient progress has been made in foreign surplus disposal (pp. 5643-5).
9. WAR POWERS. Passed without amendment H. R. 4052, which authorizes the President to authorize Government departments and agencies, if engaged in national defense, to enter into contracts without bidding, etc. The bill would continue this authority, under Title II of the First War Powers Act, for 2 years, until June 30, 1957. (p. 5641.) This bill will now be sent to the President.
10. LEGISLATIVE PROGRAM. It was agreed that debate on the road bill will begin today and that a vote to override the veto of the postal pay bill will be taken

tions by the junior Senator from Washington [Mr. JACKSON].

Next, Calendar No. 358, Senate Resolution 102, conferring jurisdiction on the Court of Claims to hear, determine, and render judgment on the claim of the George D. Emery Co. That resolution was reported from the Committee on the Judiciary by the senior Senator from West Virginia [Mr. KILGORE].

Next, Calendar 359, Senate bill 4052, continuing in effect the provisions of title II of the First War Powers Act, 1941. That bill was also reported from the Committee on the Judiciary by the senior Senator from West Virginia [Mr. KILGORE].

Next, Calendar No. 360, Senate bill 33, relative to the exploration, location, and entry of mineral lands within the Papago Indian Reservation. The bill was reported from the Committee on Interior and Insular Affairs by the junior Senator from Arizona [Mr. GOLDWATER].

Next, Calendar No. 362, Senate Joint Resolution 67, authorizing the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines, to provide for the rehabilitation of the interisland commerce of the Philippines. The bill was reported by the able chairman of the Committee on Interstate and Foreign Commerce, the senior Senator from Washington [Mr. MAGNUSON].

Mr. President, it is my understanding that most of the measures I have enumerated will not require any great amount of time. There will be an explanation of each of them, and there will be some discussion of them; but I understand there is no great controversy about any of them.

In the case of every measure I have listed, I have consulted the minority leader. I have asked the staff to notify the Senators who are interested in the measures referred to, and when time permits, we wish to have the Senate proceed to their consideration. I should like all Senators to be aware of the contemplated program.

AMENDMENT OF RURAL ELECTRIFICATION ACT OF 1936

The Senate resumed the consideration of the bill (S. 153) to amend the Rural Electrification Act of 1936.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Minnesota [Mr. HUMPHREY] as a substitute for the bill, as amended.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, the junior Senator from Minnesota [Mr. HUMPHREY] is now present in the

Chamber. During the period when the Senate was in recess I was informed that an agreement had been reached in connection with the amendment offered by him a few days ago. I should like to have the junior Senator from Minnesota make a statement for the RECORD. In the meantime, we shall notify other Senators. It is somewhat difficult to get all Senators who are for or against an amendment and Senators who agree on an amendment in the Chamber at the same time. If the Senator from Minnesota will make a statement about what has happened, and what the amendment as modified now provides, perhaps my colleagues can reach other Senators who are interested. I want the Senator from Minnesota to give the Senate assurances with respect to certain conversations he has had with other Senators.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute, offered by the Senator from Minnesota [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, I should like at this time to read for the purpose of the RECORD and for general discussion and understanding a letter which I have received this morning from Mr. Earl L. Butz, Assistant Secretary of Agriculture, dated May 19. This letter follows a conversation which I had last evening with the Administrator of the Rural Electrification Administration, Mr. Ancher Nelsen, in which Mr. Nelsen agreed to support the amendment which has been offered, with a certain clarifying modification.

The proposed modification of the amendment does not change the substance of the amendment which I offered on Tuesday. It merely clarifies the language and transposes certain language to a more appropriate place within the amendment. I shall send to the desk the amendment which I should like to have made the pending question, to replace the amendment previously offered by me, designated "5-17-55-A." I repeat that the modification or clarification does not in any sense change the substance of the amendment which I offered on Tuesday, but merely realines the language and makes it much more clear and understandable.

I now withdraw the pending amendment and offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment previously offered by the Senator from Minnesota is withdrawn. The amendment now offered will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and insert the following:

That subsections (c), (d), and (e) of the Rural Electrification Act of 1936, as amended (7 U. S. C. 903 (c), (d), and (e)) are amended to read as follows:

"(c) Twenty-five percent of the annual sums herein made available or appropriated for loans for rural electrification pursuant to sections 4 and 5 of this title shall be allotted yearly by the Administrator for loans in the several States in the proportion which the number of their farms not then receiving central station electric service bears

to the total number of farms of the United States not then receiving such service: *Provided*, That if any part of such sums are not loaned or obligated during the first 6 months of the fiscal year for which they are made available, such part shall thereafter be available for loans by the Administrator without allotment: *Provided, however*, That not more than 25 percent of said sums may be employed in any one State or in all of the Territories.

"The Administrator shall within 90 days after the beginning of each fiscal year determine for each State and for the United States the number of farms not then receiving such service.

"(d) The remaining 75 percent of such annual sums shall be available for rural electrification loans in the several States and in the Territories, without allotment as hereinabove provided in such amounts for each State and Territory as, in the opinion of the Administrator, may be effectively employed for the purposes of this act, and to carry out the provisions of section 7: *Provided, however*, That not more than 25 percent of said unallotted annual sums may be employed in any one State, or in all of the Territories.

"(e) If any part of the annual sums made available for the purposes of this act are not loaned or obligated during the fiscal year for which they are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years without allotment: *Provided, however*, That not more than 25 percent of said sums for rural electrification loans may be employed in any one State or in all of the Territories."

SEC. 2. Section 4 of such act is amended by striking out "10 percent" and inserting "25 percent."

The PRESIDING OFFICER. The question is on agreeing to the amendment, in the nature of a substitute, offered by the Senator from Minnesota [Mr. HUMPHREY].

Mr. THYE. Mr. President, I introduced S. 153 because it was recognized that there was no need for earmarking funds. The only question now is with reference to areas or communities where there is need for rural electrification and for REA associations; and once a community can justify its ability to pay back, the funds are always made available. There is no question today about whether funds should be earmarked.

I discussed the amendment offered by my colleague with the Director of REA, Ancher Nelsen, last evening, and today I received a letter from Mr. Earl L. Butz, Assistant Secretary of the Department of Agriculture, dated May 19.

I understand an identical letter was received by my junior colleague. I was informed that both of us received the same letter.

Mr. HUMPHREY. That is correct.

Mr. THYE. The Rural Electrification Administration does not materially object to the amendment. It feels it would be far better than the restrictions imposed on REA in the present administrative act. Therefore, in order that we may obtain action on the question without lengthy debate, I am willing to accept the amendment.

Every one of us has uppermost in his mind the welfare of REA. All of us are trying to make it function 100 percent in every State and in every community. If there is a fear on the part of some that certain communities may be placed

in jeopardy because of lack of funds, and if that fear is allayed by the proposed amendment, I have no objection to the adoption of the amendment, and as the author of S. 153 I accept the amendment. I have discussed it with the cosponsors of the bill, the Senator from Vermont [Mr. AIKEN] and the Senator from North Dakota [Mr. YOUNG]. I know that REA will be improved by the adoption of this amendment. I am sure that at some future time that all restrictions on REA funds will be removed.

Mr. HUMPHREY. I thank my colleague. I join with him in saying that the whole purpose of the amendment and of the bill introduced by my senior colleague is to improve and to strengthen rural electrification. It is the feeling of the junior Senator from Minnesota that the pending amendment upon which the Senate will shortly vote, will meet the requirements of the rural electrification program.

As the senior Senator from Minnesota has stated his desire, it is my hope also that at a later date, when the States which have not progressed as far as other States have with their initial REA development have caught up, we will be able to remove all restrictions. The objective of the bill introduced by the senior Senator from Minnesota [Mr. THYE], the Senator from Vermont [Mr. AIKEN], and the Senator from North Dakota [Mr. YOUNG], is deserving and worthy. I had hoped that the distinguished Senator from Mississippi [Mr. STENNIS] would be on the floor at this time.

Mr. JOHNSON of Texas. Mr. President, I discussed the matter with the Senator from Mississippi. He is agreeable to the adoption of the amendment.

Mr. THYE. I discussed the matter with the Senator from Mississippi on the floor earlier today. I told him that I was prepared to accept the amendment.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have the letter from Mr. Earl L. Butz, Assistant Secretary of the Department of Agriculture, dated May 19, 1955, printed in the RECORD, at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 19, 1955.
Hon. HUBERT H. HUMPHREY,
United States Senate.

DEAR SENATOR HUMPHREY: This is in response to your request for our views on the revision of S. 153 which was offered in the Senate on May 17.

As we understand it, it is now proposed to modify the State allotment formula as it now appears in the Rural Electrification Act so that 25 (in place of 50) percent of the annual electrification loan funds shall be allotted among the States in proportion to the number of unelectrified farms. The remaining 75 percent could be loaned without allotment, subject to the limitation that not more than 25 (in place of 10) percent thereof may be employed in any one State. The effect of the proposed amendment of subsection (e) would be to release that part of the funds subject to State allotment which had not been obligated or loaned during the first 6 months of the fiscal year for which they are made available so that they may be loaned in any State subject only to the 25-percent limitation. All funds not

loaned or obligated during the fiscal year for which they are made available would be carried over and be available for loan in subsequent years in any State without allotment subject only to the 25-percent limitation.

The proposed revision will afford greater flexibility in the administration of the electrification loan program than is possible under the existing State allotment formula. Applying the revised allotment formula to the electrification loan funds carried in the 1956 appropriations, and using electrified farms as of July 1, 1954, as the formula base, we believe that the revised formula will permit the making of any loans for which applications are now on hand or which to our knowledge are being worked upon in the field.

We would prefer, for the reasons presented to the subcommittee which conducted hearings on S. 153, that the administration of the loan program be placed on the basis of actual needs for funds to carry out the purposes of the act rather than on a formula which is based on the ratio of unelectrified farms, a factor which is not determinative of needs today. We shall, of course, carry out to the best of our ability any statutory directive received from the Congress.

It would help to clarify the intent of the proposed amendment if it were revised to read as follows:

(c) "Twenty-five percent of the annual sums herein made available or appropriated for loans for rural electrification pursuant to sections 4 and 5 of this title shall be allotted yearly by the Administrator for loans in the several States in the proportion which the number of their farms not then receiving central station electric service bears to the total number of farms of the United States not then receiving such service: *Provided*, That if any part of such sums are not loaned or obligated during the first 6 months of the fiscal year for which they are made available, such part shall thereafter be available for loans by the Administrator without allotment: *Provided, however*, That not more than 25 percent of said sums may be employed in any one State, or in all of the Territories. The Administrator shall within 90 days after the beginning of each fiscal year determine for each State and for the United States the number of farms not then receiving such service."

(d) No change.

(e) "If any part of the annual sums made available for the purposes of this act are not loaned or obligated during the fiscal year for which they are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years without allotment: *Provided, however*, That not more than 25 percent of said sums for rural electrification loans may be employed in any one State or all of the Territories."

It would be helpful, if, during the discussion of the bill, attention is drawn to the effect of the formula on the reserve or contingency authorizations such as have been included in the REA loan items in recent years. In the event S. 153 is enacted prior to June 30, 1955, with the allotment formula revised as proposed, we would interpret the amendment as freeing the current reserve authorization of \$35 million, if it is drawn upon, as well as to any other unobligated funds, from the State allotment restrictions, since the first 6 months of fiscal 1955 have already elapsed. Further, with respect to the reserve loan authorization of \$100 million provided for fiscal 1956, in the event these funds are not drawn upon until after December 31, 1955, we would consider them available for loan free of the State allotment formula and subject only to the 25-percent limitation.

We believe this is a reasonable interpretation of the effect of the proposed language

with respect to these funds under the applicable language of the appropriation acts. However, if it is questioned, we would prefer that it be clarified now for our guidance in administering the act.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

EARL L. BUTZ,
Assistant Secretary.

Mr. HUMPHREY. I hope the amendment will be agreed to and the bill passed.

Mr. CASE of South Dakota. Mr. President, I merely wish to say that I am happy to see that a solution of the difficulty has been reached. I have felt for some time that there was need for greater leeway in the handling of REA funds in the discretion of the Administrator.

A year ago, when we had before us the question of voting additional funds for loans by REA, I voted for the additional \$35 million for the discretionary fund because I felt the additional sum was needed. My reason for so voting is the same reason which leads me to vote for the bill at this time. It is to permit the Administrator to place the greatest emphasis where the greatest need exists. Therefore, I am glad to vote for the bill.

Mr. STENNIS. Mr. President, I have agreed with the point made by the Senator from South Dakota that the REA formula needed some modifications to meet the realities. However, I have never agreed, and do not agree now, that the formula ought to be abolished. In fact, I believe that would be a serious mistake, from the standpoint of the REA associations. It is unfortunate that those who undertook to abolish the formula did not, instead, undertake to revise it according to the realities. However, the REA associations agree on that course of action, except the association in the State of Mississippi. I understand that the associations voted unanimously in favor of it at their national convention.

The REA Administrator has seen fit to ask Congress to abolish the formula entirely. The Senate committee at one time agreed. I am not being critical of the members of the committee, but I wish to point out that no legislative committee has ever undertaken a review of the formula so as to bring it into line with present needs from the standpoint of electrification, replacements, transmission lines, and a number of other electrical items with which I am not too familiar, but which have to do with increasing the amount of electricity to the people who are now being served. I believe that such a review was essential in order to obtain a really practical formula under which Congress could appropriate money. Perhaps the House committee will hold some hearings on the subject and develop facts along that line.

However, we are face to face with the proposition of retaining a part of the formula, and the amendment is worked out along that line. The members of the Committee on Appropriations have been greatly interested in having some kind of a formula retained. I believe that if no formula is provided with ref-

erence to these matters, trouble will soon develop for the REA's, popular and powerful as they may be. So I am certainly glad that some measure of the formula is being retained. I think it will serve a good purpose. I think the bill as amended will be stronger.

I wish to thank the junior Senator from Minnesota and the senior Senator from Minnesota for their patient consideration of the matter.

Mr. THYE. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield.

Mr. THYE. I recognize that the Senator from Mississippi has been greatly concerned because he wished to be certain that no farm or community in his State would be placed in a position of jeopardy because of lack of funds. I can fully understand his concern. For that reason I was most anxious that there should be a meeting of minds and the best solution of the problem should be reached, so that the Administrator of the REA program would be unshackled and could make available, in his discretion, as much of the funds as might be possible, and that every year the appropriation could be reviewed.

I was speaking for the cosponsors of the bill when I stated that we would accept the amendment and permit action to be taken on the bill. I also stated that the Senator from Mississippi and I had discussed it since the Senate reconvened today.

Mr. STENNIS. Mr. President, I appreciate the Senator's remarks. It is my opinion, as an individual Senator, that we should have gone a little further into the matter of actual need. So far as my State is concerned, I think the conditions will be taken care of under the amendment.

Mr. THYE. Mr. President, will the Senator from Mississippi yield further?

Mr. STENNIS. I yield.

Mr. THYE. I would assure every citizen of the State of Mississippi that so long as the distinguished Senator is a Member of this body they will have no need to worry about whether they will receive the necessary funds, because the Senator will see that they get the funds. That I can say without any question.

Mr. STENNIS. I appreciate the sentiments of the Senator from Minnesota. He is overgenerous, indeed.

Mr. CARLSON. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield.

Mr. CARLSON. I have been interested in the colloquy between the Senator from Mississippi and the Senators from Minnesota. I want to be sure that the citizens of the State of Kansas will be protected by the amendment on which the Senators have agreed. Are the allocations such that the citizens of Kansas will be protected?

Mr. STENNIS. I think I can assure the Senator from Kansas that his State will be taken care of under this amendment.

Mr. THYE. Mr. President, I should like to include in my remarks the Senator from Kansas. I know of no two Members of the Senate who have greater concern for the farming or rural areas of their respective States than the Sena-

tor from Kansas and the Senator from Mississippi have. Both of them work for the interests of their citizens.

Mr. CARLSON. Mr. President, the statement just made by the Senator from Minnesota disarms me, of course. I had in mind some rewriting of the present language so as to provide such a reallocation of funds as would enable as many persons as possible to be served with electricity. As I understand the statement of the Senator from Mississippi, he is rather insisting that Congress shall have some control over the funds. Therefore, does the Senator from Mississippi feel that under this new provision all the States will be properly cared for?

Mr. STENNIS. I do. The money is to be released to the Administrator to use in his discretion, with the limitation that he cannot use more than 25 percent of the other 75 percent of the funds in any one State. I think that will take care of the situation.

Mr. HUMPHREY. Mr. President, I think there is no doubt that the State of Kansas and the other States are most generously taken care of. I have the personal assurance of the REA Administrator to that effect.

Mr. CARLSON. Mr. President, this colloquy has convinced me that good work has been done in trying to draft an amendment which will protect the citizens of all the States. I appreciate what has been done.

Mr. STENNIS. At the same time, it protects the legislative viewpoint. I have always insisted that there should be some kind of a formula.

Mr. President, under the circumstances as they have been stated, I shall support the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY].

The amendment was agreed to.

Mr. ALLOTT subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD prior to the taking of the vote on Senate bill 153 a statement prepared by me, and also a letter from Mr. Ancher Nelsen, Administrator of the Rural Electrification Administration.

There being no objection, the statement and letter were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR ALLOTT IN BEHALF OF THE PASSAGE OF S. 153, AS AMENDED

I have listened carefully to the debate and read much of the RECORD concerning this matter and I would like to compliment all the Senators who took part in the debate on the objective manner in which this most important subject has been handled.

I should like to also compliment the distinguished majority leader and my able colleague, the distinguished minority leader, for their part in the presentation of this proposed legislation on the floor of the Senate.

The passage of S. 153 is most essential to the rural areas of Colorado and I am informed by Mr. Ancher Nelsen, the capable Administrator of the Rural Electrification Administration, that Colorado is the only State in which the operation of the State allotment formula contained in the Rural Electrification Act is presently preventing prompt action on approval of loans.

I am informed that the processing of four loans in Colorado, totaling in amount approximately \$13,300,000, is nearing completion. These loans are for generation, transmission, and distribution requirements. However, under the present State allotment formula of the Rural Electrification Administration, the funds remaining available for loan purposes in Colorado are approximately \$7,200,000. This indicates that the amount required is \$6,100,000 short of being able to meet the legitimate applications. This shortage exists because of the allotment formula not because of the money, which is now available in the loan fund. As has been said before, there remains in the national fund available for loans at this time \$108,000,000.

On the anniversary of REA many laudatory statements were most justifiably made by my colleagues in the Senate but I should like to add one paragraph as a tribute to the sound business philosophy behind the Rural Electrification program when properly managed. As an example, and to show that Rural Electrification is no give-away program, I should like to call my colleagues' attention to the Morgan County Rural Electrification Association in northeastern Colorado. This Rural Electrification Association is paying off the first portion of their system indebtedness 17 years ahead of schedule and, in addition, have been able to refund \$127,000 to their consumers in their 1954 electrical bills. This is a patronage dividend equal to 13 percent of their gross electric bills for that year. Rural Colorado is now more than 93.8 percent electrified but additional work must be done. I am sure that, if time permitted, I could cite other examples of good business management in county rural electrification associations in Colorado. At the same time I am pleased to say that generally the cooperation has been good between the rural electric associations and the private power utilities that supply the municipal areas of our State. At the present time, they each seem to recognize the legitimate function of the other and I believe there is no intention of either to jeopardize the other's rightful and lawful function.

UNITED STATES DEPARTMENT
OF AGRICULTURE,
RURAL ELECTRIFICATION
ADMINISTRATION,

Washington, D. C., May 17, 1955.

Senator GORDON ALLOTT,
United States Senate.

DEAR SENATOR ALLOTT: This is in response to your request for information on the status of pending electric loans in Colorado and on any matters that may delay their approval.

Colorado is the only State in which the operation of the State allotment formula contained in the Rural Electrification Act is working to prevent the prompt meeting of loan needs. Processing of 4 loans in Colorado, totaling in amount approximately \$13,300,000, is nearing completion. These loans are for generation, transmission, and distribution needs. Funds remaining available for loan purposes in Colorado under the limitations of the allotment formula approximate \$7,200,000. This reflects a shortage from the amount required of more than \$6,100,000.

This shortage exists because of the allotment formula and in spite of a national remaining availability of loan funds approximating \$108 million.

Following the appropriations hearings, we estimated that our needs for Colorado in excess of the State ceiling would amount to approximately \$5,500,000. However, we pointed out that the loans for this amount would be processed in May or June and probably would be approved after July 1. Since that time, however, the situation has become more urgent in view of recent developments.

First, as work has progressed on the processing of the applications the figure needed for the State has had to be somewhat increased. Second, the situation requiring prompt action on the loans has intensified. The area is critically in need of additional facilities for generation, transmission, and distribution of power.

The Department is giving exhaustive study to every possible avenue of relief to meet this situation. We deplore the possibility of being forced to delay action on these loans until the new fiscal year—a delay which, in view of the short construction period in Colorado, could be harmful to the satisfactory progress of the electrification effort. A supplemental authorization of about \$115 million would be required in order to obtain the \$6,100,000 needed, by reason of the operation of the allotment formula. Enactment of legislation to amend the Rural Electrification Act by eliminating the formula, now before both Houses of the Congress, seems to offer the most orderly and expeditious way of meeting this urgent need.

Sincerely yours,

ANCHER NELSEN,
Administrator.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill (S. 153) was ordered to a third reading, read the third time, and passed.

FILLING OF TEMPORARY VACANCIES IN THE CONGRESS CAUSED BY DISASTER

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 234, Senate Joint Resolution 8.

The PRESIDING OFFICER. The joint resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. J. Res. 8) to amend the Constitution to authorize governors to fill temporary vacancies in the Congress caused by a disaster.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the joint resolution, which had been reported from the Committee on the Judiciary, with an amendment to strike out all after the resolving clause and insert:

That the following article is proposed as an amendment to the Constitution of the United States, and shall be valid to all intents and purposes as part of the Constitution if ratified by the legislatures of three-fourths of the several States within 7 years from the date of its submission by the Congress:

"ARTICLE—

"On any date that the total number of vacancies in the House of Representatives exceeds half of the authorized membership thereof, and for a period of 60 days thereafter, the executive authority of each State shall have power to make temporary appointments to fill any vacancies, including those happening during such period, in the representation from his State in the House of Representatives. Any person temporarily appointed to fill any such vacancy shall serve until the people fill the vacancy by election as provided for by article I, section 2, of the Constitution."

Mr. JOHNSON of Texas. Mr. President, I should like to invite the attention

of the membership of the Senate, particularly the able minority leader, to the fact that this is a joint resolution to amend the Constitution, and, in accordance with our general practice and our agreement ever since the Senator from California [Mr. KNOWLAND] has been in a leadership position, and I have occupied a similar position, we expect to have a ye-a-and-nay vote on a joint resolution of this kind.

Therefore, I should like to give notice to the Senate that at the conclusion of the debate on the joint resolution there will be a ye-a-and-nay vote.

Mr. KEFAUVER. Mr. President, my remarks will be addressed to Senate Joint Resolution 8, which is now the unfinished business.

During the past 9 or 10 years we have all been aware of the tremendous scientific progress in nuclear fission and of its potentialities for both good and evil. While we have the greatest hope that this tremendous new development will eventually be directed toward peaceful ends, it is still the better part of prudence for a nation, as well as individuals, to insure as far as possible, against all eventualities.

At the outset, I wish to pay tribute to the distinguished minority leader, the senior Senator from California [Mr. KNOWLAND], for being one of the first among us to take note of the constitutional problems I am about to discuss. I shall have more to say later about the part he has played in the development of the proposal now under consideration.

The Senator from California first introduced a joint resolution on this subject in the 81st Congress, and reintroduced similar proposals in the 82d and 83d Congresses. I also introduced a similar measure in the 83d Congress.

The resolution offered by the senior Senator from California in the 83d Congress was adopted by a vote of 70 to 1.

The Senator from California did not introduce such a resolution at this session. If he had, his measure would have been reported, instead of the one which is now before the Senate.

I hardly need remind the Senate of what would happen if 1 of the 20 megaton thermonuclear weapons were exploded on the Nation's Capitol. This weapon, which is already in existence, is the equivalent of 20 million tons of TNT and is about 1,000 times more powerful than the atomic bomb which was dropped on Hiroshima, according to a statement by Admiral Strauss and Dr. Libby in official information issued by the Atomic Energy Commission.

Following a surface burst of this weapon, it could be expected that a crater perhaps a mile and a half across and 200 feet deep would be blasted out of the earth.

The explosion of a similar weapon in the Pacific was sufficient to have buried 14 Pentagon buildings, and to have caused damage to a large additional area.

The fireball would blanket an area about 4 miles across. Blast pressures would cause the complete destruction of all structures and installations within a

radius of 5 miles from the point of burst; in other words, an area 10 miles across.

Within this area of complete destruction we could expect fatal casualties of about 90 percent of the people, and there would be casualties of lesser magnitude throughout concentric circles for the next 15 miles. I use the word "lesser" advisedly—depending, of course, on the question of whether warning might be sufficient to secure shelter against radioactive fallout.

The question with which the Senate is concerned, in the measure before us today, is what would happen to the Government of the United States, from a constitutional viewpoint, under such conditions as I have outlined.

There is no question that government of a sort would survive, but what we want to assure is that representative, constitutional democracy could be reconstituted.

In providing for a method of government which would best reflect the public will the constitutional drafters produced a tripartite authority, composed of the executive, legislative, and judicial branches. They designed the Constitution as not simply a fair-weather document, but a document to function during war as well as peace. It is no reflection on the framers of the Constitution, however, that they could not possibly foresee a 20-megaton weapon when they met in Philadelphia to draft this Nation's most basic document.

Considering first the executive branch of the Government, the Constitution authorized the Congress to provide for any sudden vacancy occurring in the office of the President after the succession of the Vice President to that position. Public Law 199, passed by the 80th Congress, provided that the line of succession after the President and Vice President should be the Speaker of the House, the President pro tempore of the Senate, and the Secretaries of State, Treasury, and Defense, the Attorney General, the Postmaster General, and the Secretaries of Interior, Agriculture, Commerce, and Labor, in that order.

Members of the judiciary are, of course, appointed by the President, with the consent of the Senate, and the functioning and perpetuating of that office presents no great difficulties.

In the legislative branch we have two equal houses. Under the Constitution, as expanded by the 17th amendment, the State executives are authorized to fill vacancies in the Senate temporarily by appointment pending the next election. There is no such authority, however, in connection with vacancies occurring in the House of Representatives. Thus there would be no way of immediately reconstituting the House should there be a disaster to the Capitol.

As I mentioned earlier, one of the first to recognize this potential danger to our constitutional democracy was the distinguished minority leader [Mr. KNOWLAND]. He introduced measures in the last three Congresses proposing an amendment to the Constitution. As I also said earlier, if he had introduced a similar bill at this session, I believe his

84TH CONGRESS
1ST SESSION

S. 153

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 1955

Referred to the Committee on Agriculture

AN ACT

To amend the Rural Electrification Act of 1936.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsections (c), (d), and (e) of the Rural Electri-
4 fication Act of 1936, as amended (7 U. S. C. 903 (c), (d),
5 and (e)) are amended to read as follows:

6 “(c) Twenty-five per centum of the annual sums herein
7 made available or appropriated for loans for rural electri-
8 fication pursuant to sections 4 and 5 of this title shall be
9 allotted yearly by the Administrator for loans in the several
10 States in the proportion which the number of their farms
11 not then receiving central station electric service bears to

1 the total number of farms of the United States not then
2 receiving such service: *Provided*, That if any part of such
3 sums are not loaned or obligated during the first six months
4 of the fiscal year for which they are made available, such part
5 shall thereafter be available for loans by the Administrator
6 without allotment: *Provided, however*, That not more than
7 25 per centum of said sums may be employed in any one
8 State or in all of the Territories. The Administrator shall
9 within ninety days after the beginning of each fiscal year
10 determine for each State and for the United States the num-
11 ber of farms not then receiving such service.

12 “(d) The remaining 75 per centum of such annual
13 sums shall be available for rural electrification loans in the
14 several States and in the Territories, without allotment as
15 hereinabove provided in such amounts for each State and
16 Territory as, in the opinion of the Administrator, may be
17 effectively employed for the purposes of this Act, and to
18 carry out the provisions of section 7: *Provided, however*,
19 That not more than 25 per centum of said unallotted annual
20 sums may be employed in any one State, or in all of the
21 Territories.

22 “(e) If any part of the annual sums made available
23 for the purposes of this Act are not loaned or obligated
24 during the fiscal year for which they are made available,
25 such unexpended or unobligated sums shall be available for

1 loans by the Administrator in the following year or years
2 without allotment: *Provided, however,* That not more than
3 25 per centum of said sums for rural electrification loans
4 may be employed in any one State or in all of the
5 Territories.”

6 SEC. 2. Section 4 of such Act is amended by striking
7 out “10 per centum” and inserting “25 per centum”.

Passed the Senate May 19 (legislative day, May 2),
1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

84TH CONGRESS
1ST SESSION

S. 153

AN ACT

To amend the Rural Electrification Act of 1936.

MAY 23, 1955

Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 27, 1955
For actions of May 26, 1955
84th-1st, No. 88

CONTENTS

Animal disease.....2	Lands.....4	Price supports.....25
Appropriations..7799,12,15	Legislative program.....9	Public works.....21
Dairy industry.....24	Loans, farm.....1	Reclamation.....8,10
Electrification.....8,11	Low-income farmers.....12	Research.....12,26
Farm-City.....22	Mexican fence.....2	Roads.....23
Farm methods.....18	Minerals.....19	Salt-water research.....3
Food.....26	Mutual security.....5,9	Security.....6
Foreign aid.....5	Newsprint.....13	Territories and
Forestry.....4,12	Organization.....14	possessions.....10
Housing.....9	Personnel.....6,14,20	Veterans' benefits.....17
Labor, farm.....11,16	Postal pay.....9	Wheat.....27

HIGHLIGHTS: Senate passed bills to decrease interest to 3% on disaster loans, expand salt-water research, authorize Mexican fence, and authorize purchase of Aztec forest lands. Senate committee ordered reported mutual security bill. Sen. Humphrey urged re-evaluation of Ladejinsky case. House passed bill to authorize loans to small reclamation projects with amendment to give USDA responsibility in eastern States. House Rules Committee cleared bills to repeal REA formula and continue Mexican farm labor program. House received various supplemental appropriation estimates.

SENATE

1. FARM LOANS. Passed without amendment S. 1755, to decrease from 5% to 3% the interest rate on USDA disaster loans (pp. 6035-7).
2. MEXICAN FENCE. Passed without amendment S. 76, which authorizes appropriation of \$3,500,000 for completion of a Mexican boundary fence by the Boundary Commission. Sen. Anderson stated that "the Department of Agriculture has now become very much interested in the passage of this proposed legislation" because of animal disease in Mexico and that "the probability is that the Department of Agriculture will assume responsibility" for the project. (p. 6054.)
3. SALT-WATER RESEARCH. Passed without amendment H. R. 2126, to continue the Interior Department program of research on making fresh water from salt water through June 30, 1963; to increase the appropriation authorization from \$2,000,000 to \$6,000,000; to increase the limitation on departmental expenses from \$500,000 to \$1,500,000; and to permit \$500,000 to be expended for research and development in Federal laboratories (pp. 6053-4).
4. FORESTRY. Passed as reported S. 55, to authorize purchase of 98,000 acres of Aztec Land and Cattle Co. lands, in Ariz., which would be administered as national forest lands. These lands have been so administered in the past, but

through court action it was determined that they belonged to the Aztec Co. The bill provides tha the National Forest Reservation Commission set the amount to be paid, not to exceed \$7,409,263. (pp. 6055-63.)

Passed as reported S. 1464, to authorize the Interior Department to acquire rights-of-way and existing connecting roads adjacent to public lands to provide timber access roads to public lands under Interior's jurisdiction (pp. 6049-50).

5. FOREIGN AID. The Foreign Relations Committee, by a 13-2 vote, ordered reported the mutual security bill, with authorization of \$3.408 billion (p. D473).
6. PERSONNEL. Sen. Humphrey commended creation of a permanent security review committee in USDA, stated that such a committee should have been established earlier, requested a re-evaluation of the Ladejinsky case by the committee, and inserted a Washington Evening Star article on this matter (pp. 6067-8).
The Post Office and Civil Service Committee reported with amendments S. 2061, a new postal pay bill (S. Rept. 382)(p. 6027).
7. STATE, JUSTICE, JUDICIARY APPROPRIATION BILL, 1956. The Appropriations Committee reported with amendments this bill, H. R. 5502 (S. Rept. 378)(p. 6027). The bill was made the unfinished business of the Senate (p. 6055).
8. RECLAMATION. Passed as reported S. 180, to authorize the Washita River Basin project, Okla. (pp. 6038-9).
Passed as reported H. R. 103, to provide for construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies (p. 6049).
Sen. Neuberger spoke in favor of the Hells Canyon Dam proposal and mentioned its rural-electrification value (pp. 6029-30).
9. LEGISLATIVE PROGRAM, as announced by Sen. Johnson: Today, no legislative business; Tues., State-Justice appropriation bill and probably the mutual security bill; "early consideration" of the new postal pay bill; and probably next week, housing bill (pp. 6057-8).

HOUSE

10. RECLAMATION. Passed, 166 to 48, with amendments H. R. 5881, to provide for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects (pp. 6082-6108). Agreed, 85 to 23, to an amendment by Rep. Jones, Ala., authorizing the Secretary of Agriculture to administer the proposed program in the eastern States (pp. 6103-5). Also agreed to an amendment by Rep. Aspinall to provide for submission of projects to the entire Congress instead of the Interior and Insular Affairs Committees (pp. 6105-6). Rejected, 62 to 229, a motion by Rep. Hoeven to recommit the bill to limit the scope of the bill to the 17 western reclamation States (p. 6107). Previously rejected, 27 to 57, an amendment by Rep. Saylor having the same purpose as the Hoeven motion (pp. 6098-6102) and also an amendment by Rep. Saylor to extend the bill to Puerto Rico, Virgin Islands, Guam, and American Samoa (p. 6103). Rejected, 33-54, a Saylor amendment (to the Jones amendment) to include Texas as one of the western reclamation States (p. 6105).
11. ~~FARM LABOR, ELECTRIFICATION.~~ The House Rules Committee reported resolutions for the consideration of ~~H. R. 3822, to provide for continuation of the Mexican farm labor program, and H. R. 5376, to amend the REA funds-distribution formula~~ (pp. 6082, 6078-9).

CONSIDERATION OF H. R. 5376

MAY 26, 1955.—Referred to the House Calendar and ordered to be printed

Mr. TRIMBLE, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 254]

The Committee on Rules, having had under consideration House Resolution 254, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 69

84TH CONGRESS
1ST SESSION

H. RES. 254

[Report No. 635]

IN THE HOUSE OF REPRESENTATIVES

MAY 26, 1955

Mr. TRIMBLE, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 5376) to
5 amend the Rural Electrification Act of 1936, as amended.
6 After general debate, which shall be confined to the bill,
7 and shall continue not to exceed one hour, to be equally
8 divided and controlled by the chairman and ranking minority
9 member of the Committee on Agriculture, the bill shall be
10 read for amendment under the five-minute rule. At the
11 conclusion of the consideration of the bill for amendment,
12 the Committee shall rise and report the bill to the House

1 with such amendments as may have been adopted, and
2 the previous question shall be considered as ordered on
3 the bill and amendments thereto to final passage without
4 intervening motion except one motion to recommit.

House Calendar No. 69

84TH CONGRESS
1ST SESSION

H. RES. 254

[Report No. 635]

RESOLUTION

Providing for the consideration of H. R. 5376,
a bill to amend the Rural Electrification Act
of 1936, as amended.

By Mr. TRIMBLE

MAY 26, 1955

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 7, 1955
For actions of June 6, 1955
84th-1st, No. 93

CONTENTS

Acreage allotments.....19,20	Grain storage.....22,24	Science.....1
Administrative services.....23	Housing.....4,7	Small business.....3
Appropriations.....1,7,8,27	Immigration.....11	Soil conservation.....18
Contracts.....14	Labor standards.....5,7	Supergrades.....1,3
Cotton.....19	Legislative program.....7	Surplus property.....23
Dairy industry.....25	Mining.....10	Travel.....26
Disaster relief.....1,3	Poultry.....21	Veterans' benefits.....4
Electrification.....6,9,15	Prices.....13,19	Water, research.....2
Farm loans.....4,9	REA.....9,15	conservation.....15
Foreign aid.....16	Reclamation.....6,12,15	Weather.....17
Forest service.....8	Retirement.....1	Wheat.....20,22
Forestry.....10,13	Salt-water research.....2	

HIGHLIGHTS: House received conference report on Interior appropriation bill, including FS items. House passed bill to modify REA funds formula. Ready for President. House committee reported forest mining bill. Senate passed Labor-HEW and independent offices appropriation bills.

SENATE

1. APPROPRIATIONS. Passed with amendments H. R. 5046, the Labor-HEW appropriation bill, 1956, which had been reported on June 3 during recess (S. Rept. 410). Senate conferees were appointed. (pp. 6486, 6495-508.)
Passed with amendments H. R. 5240, the independent offices appropriation bill, 1956, which had been reported on June 3 during recess (S. Rept. 411). Senate conferees were appointed. Agreed to committee amendments increasing the President's disaster relief fund from \$2,000,000 to \$5,000,000, increasing the National Science Foundation from \$12,250,000 to \$20,000,000, and authorizing additional supergrades in GAO. Agreed to an amendment by Sen. Holland to reduce from \$250,000,000 to \$216,000,000 the civil service retirement and disability fund. (pp. 6486, 6509-13.)
2. SALT-WATER RESEARCH. Senate conferees were appointed on H. R. 2126, to continue and expand the Interior Department research program on converting salt water to fresh water (p. 6507). House conferees have been appointed.
3. SMALL BUSINESS; DROUGHT RELIEF. Passed without amendment S. 2127, to extend the Small Business Administration for 2 years, to increase the loan limit from \$150,000 to \$250,000, and to enable SBA to make loans to distressed small businesses in drought areas (pp. 6516-19). The bill includes authority for additional supergrades in SBA.

4. FARM LOANS. The Labor and Public Welfare Committee reported without amendment H. R. 5106, to amend the Servicemen's Readjustment Act of 1944 so as to authorize loans for farm housing to be guaranteed or insured under the same terms and conditions as apply to residential housing (S. Rept. 464)(p. 6490).

Sen. Carlson inserted the recommendations of the Farm Credit Board of Wichita regarding S. 1286 and H. R. 5168, the farm credit bills (p. 6493).

5. LABOR STANDARDS. The "Daily Digest" states: "On Friday, June 3, the Labor subcommittee, in executive session, ordered favorably reported to the full committee certain proposals amending the Fair Labor Standards Act, including increasing the minimum hourly wage from 75 cents to \$1, effective January 1, 1956, and certain proposals relating to minimum wages in Puerto Rico and the Virgin Islands. The committee agreed to postpone, until a later date, consideration of coverage of additional workers under the Fair Labor Standards Act."(p.D509.)

6. ELECTRIFICATION; RECLAMATION. Sen. Neuberger was critical of the Supreme Court decision permitting the Portland General Electric Company to build certain dam sites. He suggested that the need for the Hells Canyon dam was evident and that other dam site considerations would imperil the fisheries industry of the Columbia River Basin (pp. 6524-8).

Sen. Morse inserted a newspaper article, letter to the editor, and resolution of the Oregon State Council of Carpenters in support of a high Hells Canyon Dam (pp. 6529-30).

7. LEGISLATIVE PROGRAM. Majority Leader Johnson scheduled consideration of S.2126, the housing bill, on Tuesday; H. R. 5695, to suspend copper import taxes, on Tuesday or Wednesday; the minimum wage bill on Tuesday or Wednesday (or as soon as reported); and the Interior appropriation bill when the House acts (p. 6488).

HOUSE

8. APPROPRIATIONS; FOREST SERVICE. Received the conference report (H. Rept. 731) on the Interior Department appropriation bill, 1956 (pp. 6539-40). Attached is a table on Forest Service items.

9. RURAL ELECTRIFICATION. Passed without amendment S. 153, to amend the Rural Electrification Act, 1936 (pp. 6544-7).. The bill: Retains but modifies the State allotment formula by making 25% (instead of 50%) of the annual loan fund appropriations subject to State allotment on the basis of unelectrified farms during the first six months of the fiscal year. Thereafter the unexpended or unobligated funds would be merged with the remaining 75% of the annual loan funds which would be available without allotment, with not more than 25% of unallotted annual loan funds to be employed in any one State, or in all of the Territories. Loan funds which are not loaned or obligated may be carried over to the following years, under the amendment, but not more than 25% of such funds could be used in any one State or in all of the Territories. This bill will now be sent to the President

10. FORESTRY; MINING. The Committee on Interior and Insular Affairs reported with amendment H. R. 5891, which would provide for multiple use of the surface of public lands (H. Rept. 730) (p. 6557).

BILLS INTRODUCED

11. IMMIGRATION. S. 2149, by Sen. Langer, to amend the Refugee Relief Act of 1953 so as to relax certain requirements for qualifying under such act; to Judiciary Committee (p. 6491).

of shortage, is not in accordance with congressional intent or national safety. The assertion by the primary producers that the current shortage exists because of overpurchasing by the stockpile is not entirely accurate when it is recalled that stockpile purchases were scheduled in accordance with estimates submitted by the producers themselves.

In view of the severe shortage of aluminum throughout the country and the need for protecting the economic well-being of many small-business firms, the committee saw no other immediate alternative than the recommendations it made. In approving the diversion of stockpile deliveries, the committee deems it important to remember that the aluminum industry consists of more than its primary producers; that the thousands of small enterprises must be protected. The committee is not satisfied that the 150 million pounds of aluminum diverted from stockpile deliveries early this year were allocated fairly to such small enterprises, and it would not favor distribution of any further amounts through the primary producers unless there is definite assurance that it will be made on an equitable industry-wide basis to all segments of the aluminum industry.

The committee does not want the introduction of a system of Government controls for allocating aluminum at the present time, if it can possibly be avoided. We believe the primary producers can formulate a program of distribution which will deal fairly with nonintegrated users throughout the industry. However, in view of the haphazard distribution of the aluminum diverted from the stockpile earlier this year, the committee believes that the nature and pattern of distribution to be employed should be known before the primary producers are authorized to divert further deliveries of aluminum under commitment to the stockpile.

The Aluminum Industry Advisory Committee of the Business of Defense Services Administration of the Department of Commerce yesterday recommended the amount of aluminum to be deferred from delivery to the Government stockpile. That amount is known to the primary producers. Assuming that the Advisory Committee's recommendation is approved by the Office of Defense Mobilization, the committee would like to know the manner in which the producers propose to make distribution, and requests them to answer the following questions:

1. Your company has already scheduled a portion of your production for nonintegrated users. Will all the diverted stockpile aluminum be made available to nonintegrated users in addition to the amount you have already scheduled?

2. In what amount will sales be made on a first-come, first-served basis to all good credit risks?

3. In what amount and in what manner will sales be made in accordance with an historical pattern?

4. In what amount and in what manner will relief be accorded users having no historical pattern?

5. (a) In what amount will existing non-confirmed orders be given priority? (b) In what amount will canceled orders be reinstated?

6. Will you fulfill your existing firm contracts from your own supplies rather than from stockpile diversions?

If not, what amount will you use?

7. In what amount will sales be made to customers who use your facilities for fabrication?

8. What amount will be delivered to other primary smelters in (a) United States? (b) Canada? (c) Mexico?

9. What amount will be exported?

10. What amount will be allocated to (a) foundrymen? (b) extruders? (c) diecasters? (d) secondary smelters? (e) sheet rollers? (f) others?

11. Is there a minimum order which will be accepted? What amount? How many such orders will be accepted? Is there a maximum order which will be accepted? What amount? How many such orders will be accepted?

12. What will be the sales price for (a) billets? (b) pot-line alloy? (c) refined alloy? (d) pure pig? (e) pure ingot?

13. What will be the dates for delivery of the diverted metal?

14. Please state any additional factors upon which your distribution will be made.

The present situation requires the earnest assistance of all members of the aluminum industry. Your prompt consideration and cooperation in formulating an orderly and equitable program of distribution will be appreciated.

Sincerely yours,

SIDNEY R. YATES,
Chairman, Subcommittee No. 3,
Select Committee on Small Business.

DEFENSE APPROPRIATIONS

(Mr. FLOOD asked and was given permission to address the House for 1 minute.)

Mr. FLOOD. Mr. Speaker, a few weeks ago this House, over my protest and objections, passed the Defense Department appropriation bill. I did my best by amendment to prevent the cuts requested by the administration at that time. The Secretary of Defense assured my committee and the American people that there was no aviation problem. A few days later, the Russians flew a handful of bombers over Red Square. A few days after that, the Secretary of Defense said it did not make any difference; he did not want any more money. Now, today, the Secretary of Defense and the Chief of Staff for Air go to the other body for appropriations and ask for \$300 million more than was presented to this House because of an accelerated request for production of American B-52 bombers. The appropriation bill before this House was not properly presented when you were told you would have a reserve bill, and not to worry about beefing up the Army. You had no reserve bill. You lost that the next week. You were told the budget would be balanced. The budget will not be balanced.

Before the Appropriations Defense Subcommittee, Secretary Wilson, Secretary Talbott, and General Twining assured us with the requested funds they had the air situation well in hand; a few weeks later the Russians flew some bombers over Red Square. A few days later, the Defense Department heads assured us, even so, the situation was well in hand and that they would require no additional funds. But a few days later they changed their minds again, and now demand more funds to accelerate the air production program. Secretary Wilson last week at a news conference stated that the latest display of Russian airpower would not cause the Air Force to ask the Congress for more money. It was 2 days after that, that the Air Force itself announced that it was stepping up production of B-52 bombers by 35 percent; and on Monday, June 6, the Defense Appropriations Subcommittee of the Senate Appropriations Committee was asked to vote an additional \$300 mil-

lion to finance the increase. Besides this lag in bomber production, in my opinion we lack effective fighter defenses against Russia's big new jet bomber, and this in spite of all the assurances from our defense people to take care of this problem.

Not only are we in the middle of a cold war, but it now looks as though the Defense Department and administration wish to engage in a paper war with the Russian Air Force. We cannot fight Russian bombers and Russian supersonic fighters with paper aircraft of the kind made by children, manufactured from pages torn from a budget which has not been balanced. That may be good politics but it is bad air tactics.

SPECIAL ORDER GRANTED

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. POWELL] may on Thursday, June 9, 1955, following the legislative program of the day and the conclusion of any special orders heretofore granted, address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. HOFFMAN of Michigan. Mr. Speaker, reserving the right to object with reference to the gentleman from New York, can the gentleman tell us what will the subject of that talk be?

Mr. ALBERT. I do not have the subject.

Mr. HOFFMAN of Michigan. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PRACTICE OF LAW BY UNITED STATES COMMISSIONERS

(Mr. KEATING asked and was given permission to address the House for 1 minute.)

Mr. KEATING. Mr. Speaker, I am today introducing a bill which would amend legislation passed last year relating to certain United States Commissioners who are required to devote full time to the duties of their offices.

This legislation made a special exception for the United States Commissioner for the District of Columbia. The intention was to authorize the employment of additional clerical help in his office. At the same time, for reasons that are not clear, he was permitted to continue the private practice of law on the side.

The purpose of my bill is to revoke this special privilege for the United States Commissioner for the District of Columbia.

Recently it has been reported that the United States Commissioner for the District of Columbia, Mr. Cyril S. Lawrence, represented a group of Spanish musicians in their efforts to gain permanent admission to the United States.

Newspaper reports related that Mr. Lawrence had collected a \$3,300 fee from these musicians and had a contract call-

ing for him to be paid \$6,600 more for these legal services—a total of nearly \$10,000.

To earn such a fee, Mr. Lawrence obviously had to represent these aliens before the United States Immigration Service, which was trying to deport them.

This representation of private clients before a Federal Government agency by an official of the Federal court raises serious questions of propriety.

In my opinion, a United States Commissioner—who serves as a magistrate under appointment and jurisdiction of the United States district court—should not be permitted to represent private clients in any case involving the Federal Government or any Federal agency.

Practice of this type is not good public policy. It inevitably leads to real or seeming abuses.

It was to prevent just such abuses that the Justice Department recently barred United States district attorneys and their assistants from engaging in private practice.

The same principle should apply to United States Commissioners in important jurisdictions like the District of Columbia, where they supposedly devote full time to their official duties.

That is the purpose of the bill I am introducing. I hope it will be enacted promptly in order to prevent similar incidents in the future.

AMENDING RURAL ELECTRIFICATION ACT OF 1936

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 254) providing for the consideration of H. R. 5376, a bill to amend the Rural Electrification Act of 1936, as amended, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5376) to amend the Rural Electrification Act of 1936, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

I yield myself at this time such time as I may consume.

Mr. Speaker, the resolution under consideration, House Resolution 254, makes in order, if adopted, consideration of H. R. 5376, an act to amend the Rural Electrification Act of 1936.

As far as I know, there is no objection to the rule. However, there is some objection to the bill which this rule would make in order.

Under the Rural Electrification Act of 1936 50 percent of all the moneys appropriated by the Congress was allocated by the Rural Electrification Administrator to the States in proportion to the number of unelectrified farms in the State, in proportion to the general average of unelectrified farms with a maximum of 10 percent allowed for any one State. That was important at that time because only about 3 percent of the farms of America were electrified. Now more than 90 percent of the farms are electrified and we are up against the proposition, as these farms are being electrified, of having to increase the size of the powerlines. In other words, we have to increase the highways of poles to carry heavier loads that must go out to these areas in order that full use of electricity can be had.

H. R. 5376 simply repeals section 3 of the Rural Electrification Act of 1936. That leaves it up to the Administrator to apportion this fund as in his judgment seems wise and proper. That was objected to quite seriously in the other body, and they passed their own bill in lieu of an identical bill with H. R. 5376. In substance, the bill which passed the Senate provided that 25 percent of the money appropriated by the Congress is allocated as under the old formula, except that where there was a limitation of 10 percent per State there is now an allocation of 25 percent, and 75 percent of it is allocated to the Administrator in his discretion, with a 25-percent maximum to each State.

To make it more clear to the membership, let us say for instance, that this Congress should appropriate \$160 million for the REA. Under the bill that is to be made in order by this rule, that \$160 million could be used by the Administrator as he saw fit; but under the Senate bill, which I understand is to be offered as a substitute for this bill by the Committee on Agriculture, if this rule is adopted, 25 percent of the \$160 million or \$40 million of it, would be under the old formula with the exception that instead of 10 percent as at present it is to be 25 percent, which would make the maximum for any one State \$10 million to try to reach area coverage. One hundred and twenty million dollars, or 75 percent of \$160 million, would be set aside by the Administrator to make improvement as he saw fit, with a 25 percent limitation to any one State, or a maximum of \$30 million for any State.

Roughly, that is all there is to it. It is a very simple proposition. So far as I can see, gather, and hear, there is no opposition to the rule but there is opposition to the bill made in order by this resolution.

I now yield to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Speaker, I appreciate the statement the gentleman from Arkansas has made. He has explained the matter very well.

I might suggest that it was the feeling of the Committee on Agriculture that

since the Senate had passed a bill that seemed to be acceptable to everyone we would ask to take up the Senate bill. There was very little objection to the original bill when it passed the committee; I think there was one vote against it. This vote represented a State that does have a substantial number of unelectrified farms. To be sure that there might always be money available should there be any substantial number of unelectrified farms the Senate bill provides that 25 percent of the total money appropriated should be first available for apportionment on the basis of unelectrified farms. The Senate bill, therefore, takes care of the objection that was raised by those who feared that there might somehow be a situation when a State which needed money for unelectrified farms might not be able to get it.

It is my understanding that all those who have had any objection are willing to accept the Senate bill. The people responsible for carrying out the program seem to be pleased with the Senate bill; the National Rural Electric Cooperative Association is satisfied with the Senate bill; and as far as I can see nobody who has any responsibility in the matter is opposed to the Senate bill. Consequently, it will be my intention when the rule is adopted to ask unanimous consent to take from the Speaker's table the Senate bill, S. 153, and ask for its immediate consideration. Should this bill be passed there will be no need to proceed further with the House bill which I introduced.

Mr. ABERNETHY. Mr. Speaker, in my judgment, no agency of the Federal Government has contributed more to a higher standard of living for rural people than the Rural Electrification Administration. In the short period of 20 years electric power has been made available to approximately 95 percent of America's rural homes. The program has worked fine. It has been free of scandal. Its repayment record for borrowed Federal money is unequalled. It has been reasonably free of politics. All of this progress has been made under a distribution formula which the House bill proposes to repeal.

Personally, Mr. Speaker, I feel it would be a mistake to repeal this formula. I was the only member of the great Committee on Agriculture which voted against reporting H. R. 5376. Although the overwhelming weight of opinion was contrary to my own, I have not changed my views about the bill. I hasten to add, however, that the members of my committee are just as zealous in their support of REA as I am. In their judgment this bill would not do damage to nor retard the progress of rural electrification. But, as I say, I firmly believe they have been treading on dangerous ground.

To repeal the formula outright and leave the Administrator of the Rural Electrification Administration with absolute authority might result in the use of REA lending funds for political purposes. It would place every potential borrower in competition with all other potential borrowers of such funds as are available, whereas, under the present

formula borrowers can place their applications and come to Washington knowing that they will not have to be competing with other REA co-ops in other States for available funds. They know before they place the application that money has been earmarked in Washington for the benefit of their own States. I do not want this provision repealed outright.

An agreement has been reached in which I participated to substitute the Senate bill for the House bill. The Senate bill maintains the general objectives and principal features of the present formula. The gentleman from Arkansas [Mr. TRIMBLE] has very clearly explained the substitute. While the Senate bill does not go as far as I would like, I have agreed to go along. It assures all States that a reasonable portion of the appropriated funds will be earmarked for each State. That is what I have been fighting for. All legislation is the result of compromise. This is a reasonably good compromise and I am happy to accept it.

Mr. NATCHER. Mr. Speaker, I rise in support of the bill S. 153 to remove from the Rural Electrification Act formulas restricting the distribution of REA loan funds which were valuable when the program was in its earlier stages, but which are now obsolete and place unnecessary limitations on the flexibility of the loan program.

Twenty years of REA have caused a revolutionary change in American farm life and unless you have actually watched that momentous change take place you do not have any deep realization of what it has meant to millions of American farmers. With constantly increasing consumption of electricity life on the farms throughout our land has become more pleasant as electricity takes over chores which were once drudgery. Farm isolation has been defeated by the use of farm telephones, radio, and television.

On May 11, 1935, Rural Electrification Administration was established pursuant to Executive Order 7037, and at this time only 10 percent of our farms had electricity. Loans for the REA program beginning June 30, 1936, and continuing to June 30, 1954, amount to \$3,046,832,099. This represents 1,417,441 miles of line serving 4,487,045 consumers. The amount of energy purchased by the REA consumers increased from some 402 million kilowatt-hours in 1940 to over 14 billion kilowatt-hours today. At the present time 91 percent of our farms are using electricity for a multitude of chores as well as for light and entertainment.

The Commonwealth of Kentucky has 26 Rural Electrification Administration distribution cooperatives serving over 205,000 consumers in 110 of the State's 120 counties. Every county of the Second Congressional District is served by REA. The first REA loan in Kentucky was made to the Henderson-Union Rural Electric Cooperative Corp., which is located in my district. Sixteen of the twenty-six distribution coops joined together and placed into operation in Ken-

tucky the largest REA steam electric power-generating plant in America, with a capacity of 110,000 kilowatts.

The average farm output per man-hour of labor today is almost twice what it was prior to World War II, and this increase in efficiency is partly due to the use of electricity. A whole new life has been opened up to farm women as the result of the use of electricity, and they are today free of many of the chores which brought about the early death of generations of farm women.

REA is one of the great achievements of our present day Government and the Congress should keep this law up to date, thereby continuing the forward march of rural electrification in America. Passage of this bill is another step in the right direction.

Mr. HOPE. Mr. Speaker, I am glad to see the unanimous support which has been given the bill S. 153. This measure is similar to H. R. 2138 which I introduced in the House on January 13, 1955.

H. R. 2138 would have eliminated entirely the so-called State allotment formula with respect to rural electrification loans. S. 153 applies the State allotment formula to 25 percent of the annual sums made available for loans with the proviso that any part of such amount which is not loaned or obligated during the first 6 months of the fiscal year will thereafter be available for loan by the Administrator without allotment.

For all practical purposes this provision meets the difficulties which have arisen in the practical administration of the existing law. It also reassures those who feel that there is still need for an allotment formula.

I am advised that the National Rural Electrification Cooperative Association which appeared before the committee in support of H. R. 5376, H. R. 2138, and similar bills is agreeable to accepting the Senate bill. I am informed also by the Administrator of the Rural Electrification Administration that that agency, while preferring the House bill, finds the Senate bill acceptable.

Mr. JOHNSON of Wisconsin. Mr. Speaker, I do not believe it is necessary for me to review or extoll to the members of this Congress the magnificent accomplishments of the rural electrification program carried out by the REA cooperative for the past 20 years. I know that some members are well versed on the record of the REA.

In appearing before the Subcommittee on Conservation and Credit of the House Agriculture Committee on April 14, in support of my bill, H. R. 4572, to change the formula for REA loans, I emphasized that the needs and conditions of REA have changed since the program was started in 1935. Twenty years ago only 10 percent of the Nation's farms were electrified. The need then—and for a number of years up to the present—was for loan authorizations to develop rural electrification along horizontal lines. In other words, the objective of the program was to provide loan funds for extending service to the Nation's unelectrified farms. This goal has been virtu-

ally accomplished as is testified to by the fact that approximately 93 percent of the Nation's farms are now electrified.

In the early history of REA and up to the present time the loan formula of the program served a worthwhile purpose in guaranteeing equity in loans to all areas of the country. Conditions have changed since 1935 and the present formula is outmoded with reference to the needs of REA cooperatives. There is considerable evidence now to indicate that the formula must be revised to allow REA cooperatives to develop services along vertical lines.

Mr. John Madgett, general manager of the Dairyland Power Cooperative, has summarized this well in the January 1, 1955, issue of the organization's publication. Before I quote in part from Mr. Madgett's article, I wish to say that the Dairyland Power Cooperative—which serves all 10 of the county REA cooperatives in my district—is the largest farmer-owned electric power cooperative in the world. In addition to the REA co-ops in my district, Dairyland Power Cooperative also serves cooperatives in other sections of Wisconsin, Minnesota, Iowa, and Illinois.

Here is what Mr. Madgett has to say about rural electrification development:

After 19 years of progress, however, experience has taught that all rural areas in the Nation are not expanding at an equal rate as far as their electrification programs are concerned. The dairyland area, for example, has seen a demand for power which continually astounds even the most optimistic believers in cooperative rural electrification. Because of this, the States in which we serve have arrived at a point where a larger share of REA funds is needed in order to construct heavier and more costly generation, transmission, and distribution facilities to meet the constantly rising loads. Many areas in the Nation, of which we are one, have virtually reached a saturation point insofar as geographic or new membership expansion is concerned and the chief aim now is to meet the increased demands for power.

Mr. Madgett continues in his column with this significant observation:

Difficult as it is for the uninformed to believe, it is still true that this vertical growth, or growth to meet greater power requirements of the cooperative membership, entails the expenditure of greater sums than those needed to merely expand into an area to cover new users of energy. Dairyland, for example, found it necessary to request funds in the amount of \$8½ million to construct a new 50,000-kilowatt reheat unit at the Alma station—almost an impossibility under the present formula. Such a sum of money was never dreamed of in the early days when it was thought that the generating station such as ours at Genoa and Chippewa Falls would take care of requirements for years to come. Even larger units and installations will be required in the future.

Mr. Speaker, from the 1953 annual report of the Dairyland Power Cooperative—and this is the latest report that I have—the story of increased power demands of patrons is dramatically told in figures of average kilowatt-hours used per month by individual members. Here

are the statistics on the average use per month per member in kilowatt-hours:

	Kilowatt- hours
1944.....	130
1945.....	129
1946.....	160
1947.....	188
1948.....	220
1949.....	240
1950.....	257
1951.....	294
1952.....	328
1953.....	367

You will note from these figures that in the 10-year period from 1944 through 1953 the consumption of the average member of Dairyland Power Cooperative served cooperatives has almost trebled. These figures bring into bold relief the problem of vertical demands confronting the REA cooperatives of our country.

The bill on which we intended to vote today, H. R. 5376, changed the formula to meet in a realistic manner the problems facing REA cooperatives today; but when a similar bill, S. 153, came up in the Senate, to meet objections from certain sections of the country which have not advanced as far in the electrification of farms as we in Wisconsin, a compromise amendment was proposed and adopted.

I have talked with REA people in Wisconsin and with Mr. Clyde Ellis of the National Rural Electrification Association here in Washington with regard to the proposed changes. They feel, for the sake of harmony in the REA program all over the United States, the Senate bill, as amended, should be accepted.

This amendment, as I understand it, proposes to modify the State allotment formula as it now appears in the Rural Electrification Act so that 25—in place of 50—percent of the annual electrification loan funds shall be allotted among the States in proportion to the number of unelectrified farms. The remaining 75 percent could be loaned without allotments, subject to the limitation that not more than 25—in place of 10—percent thereof may be employed in any one State. The effect of the proposed amendment of subsection (e) would be to release that part of the funds subject to State allotment which had not been obligated or loaned during the first 6 months of the fiscal year for which they are made available so that they may be loaned in any State subject only to the 25-percent limitation. Any funds not loaned or obligated during the fiscal year for which they are made available would be carried over and be available for loan in subsequent years in any State without allotment subject only to the 25-percent limitation.

The proposed revision will afford greater flexibility in the administration of the electrification loan program than is possible under the existing State allotment formula. Applying the revised allotment formula to the electrification loan funds carried in the 1956 appropriations, and using electrified farms as of July 1, 1954, as the formula base, it is believed that the revised formula will permit the making of any loans for which applications are now on hand or

which are now being worked upon in the field.

Mr. Speaker, in closing, I wish to include for the Members' consideration, and the official RECORD, letters from Mr. John Madgett, W. V. Thomas, general manager, Wisconsin Electric Cooperative, and others citing their support of my bill, H. R. 4572, which embodies the same features as the bill which we will vote on today. The letters, as you will discover, outline the annual survey. Since these leaders are acknowledged experts in the field of rural electrification, their statements should be given far more weight than mine as a layman. It is for that reason that I am asking the Members to study these letters.

Mr. Speaker, under unanimous consent, I would like to include in the RECORD a statement from the Dairyland Power Cooperative of La Crosse, Wis.; a statement of the Wisconsin Electric Cooperative of Madison, Wis.; a statement of the Eau Claire Electric Cooperative of Eau Claire, Wis., and a letter from the Chippewa Valley Electric Cooperative of Cornell, Wis.

The statements referred to follow:

DAIRYLAND POWER COOPERATIVE,
La Crosse, Wis., April 12, 1955.

Subject: H. R. 4572, amending REA loan formula.

HON. LESTER R. JOHNSON,
House Office Building,
Washington, D. C.

DEAR CONGRESSMAN JOHNSON: I have had an opportunity to review H. R. 4572 and to compare the changes which would result from the present legal requirements. I heartily endorse this bill and trust that you will make every effort to secure its passage.

The Dairyland Power Cooperative and the whole cooperative rural electrification movement in the United States has a great deal at stake on this issue. My general views on the subject are expressed in the January issue of Dairyland's house organ entitled, "Dairyland Current Matters." My views appear on pages 2 and 12. Kindly feel free to use this article if you care to. I am enclosing three copies of the issue and, hence, do not need to recapitulate here the importance of the loan formula change to Dairyland.

Your bill accomplishes three basic objectives which are highly desirable:

(1) It modifies the present unwieldy and, all too often, impossible loan formula.

(2) It makes provisions on a practical basis for meeting the growing requirements for larger loans for cooperative generation and transmission.

(3) It requires that the Administrator continue the annual survey to determine the number of farms not having central station service.

From 1938 to the present time the size of Dairyland's generating units has increased from 700 to 50,000 kilowatts. The cost per unit has increased from \$100,000 to \$8,400,000. Even larger units and, therefore, larger initial loans will be necessary to meet our future needs. Hence, the longer we go the more difficult and impossible it becomes to make adequate construction loans for generation and transmission to meet our ever-expanding needs. In fact, I seriously doubt whether Dairyland's next loan request can be met under the present formula.

One thing we should not lose sight of is the overall progress of cooperative rural electrification throughout the Nation. Hence, I urgently suggest that the annual survey on unelectrified farms be definitely retained and that other studies not inconsistent therewith be continued so that the Nation as a

whole can at all times be fully informed regarding progress.

It is my sincere conviction that the change in legislation will be beneficial not only to Dairyland Power Cooperative but to rural electric cooperatives throughout the Nation, allowing them a normal growth without being limited in so many instances under the outmoded State-allotment formula. The extent of Dairyland's future progress and its ability to meet its system requirements would definitely be affected by the outcome of action on your bill.

Yours very truly,

DAIRYLAND POWER COOPERATIVE,
JOHN P. MADGETT,
General Manager.

WISCONSIN ELECTRIC COOPERATIVE,
Madison, Wis., April 13, 1955.

HON. LESTER JOHNSON,
Member of Congress,
Congress of the United States,
House Office Building,
Washington, D. C.

DEAR CONGRESSMAN JOHNSON: On behalf of the rural electric cooperatives of Wisconsin, our public relations committee has instructed me to thank you for introducing H. R. 4572. This measure, if it becomes law, promises to remove the constant cloud of uncertainty regarding loan appropriations for REA-financed cooperatives.

We are happy to see that REA Administrator Ancher Nelsen, also spokesmen for the Farm Bureau, Farmers Union, and our own National Rural Electric Cooperative Association have recommended elimination of the formula. This formula language has always been a continuing threat to the welfare of Dairyland Power Cooperative because the need of Dairyland for generating funds is greater each year due to the increasing use of electricity in our rural area. As a matter of fact, in the case of the last loan made to Dairyland it has been a nip-and-tuck proposition under the present formula language to get the amount of funds necessary to purchase the required generating capacity.

We particularly want to thank you for inclusion in your bill the retention of the annual survey of unelectrified farms. This survey is the best way we know of assuring the Congress and the public of the accurate status of rural electrification in the United States. It is the type of information which provides us all with an intelligent tool to appraise the need for loan funds. This survey has been carried on over the years at nominal cost, and has proven itself over and over again whenever a question arose concerning progress of the program. We feel that to remove the survey at this time would fail to realize any substantial saving, yet would whittle away at the amount of factual information required for intelligent appraisal of the progress of this program.

Wisconsin's rural electric cooperatives again thank you for introducing this measure, and urge that you do everything possible to steer it into law.

Cordially and respectfully,
WISCONSIN ELECTRIC COOPERATIVE,
W. V. THOMAS, General Manager.

EAU CLAIRE ELECTRIC COOPERATIVE,
Eau Claire, Wis., April 7, 1955.

HON. LESTER JOHNSON,
House of Representatives,
Washington, D. C.

DEAR SIR: I was pleased to receive a copy of your bill, H. R. 4572, which changes the formula governing allocation of rural electrification loans. Although most of the farms in Wisconsin are receiving central-station energy the REA-financed cooperatives are required to add capacity to their systems to serve additional electrical loads connected by these farmers.

Increasing the capacity of our distribution systems does not alone solve the problem

as it is also necessary that we have adequate transmission and generation facilities. It is as important to our member-owners to have our power delivered into our distribution co-operative area as delivering the energy from the substation to the farmer. For that reason it is necessary that the Rural Electrification Administrator be permitted to loan funds to Dairyland Power Cooperative, our supplier, and the distribution cooperatives to improve facilities when and where needed.

Unless Dairyland Power Cooperative is permitted through the use of loan funds to improve its generation and transmission facilities several years in advance of the loan requirements the farmers served by their electric cooperatives would seriously suffer.

We sincerely believe that your bill, H. R. 4572, will accomplish the necessary changes in the Rural Electrification Act to the benefit of both city and rural people.

Sincerely yours,

V. M. DUFECK, *Manager.*

CHIPPEWA VALLEY ELECTRIC COOPERATIVE,
Cornell, Wis., April 7, 1955.

Mr. LESTER JOHNSON,
Congress of the United States,
Washington, D. C.

DEAR LESTER: In reply to yours of the 31st of March. I have no comment to make on your bill, H. R. 4572; it seems to me these changes are for the benefit of the majority, and that was the basic idea of the REA program.

I also wish to take this opportunity to congratulate you on the fine showing you are giving our district.

Yours very truly,

R. L. CLEAVES, *Manager.*

Mr. AVERY. Mr. Speaker, I rise in support of S. 153. As was pointed out in the Senate report, the original provision that 50 percent of the annual appropriation made available by the Congress must be allotted for loans in the several States in the proportion which the number of their unelectrified farms bears to the total number of unelectrified farms in the United States, served a useful purpose in the past. Now I feel, however, that it has outlived its usefulness. As of June 30, 1954, it is estimated by REA that 92.3 percent of the Nation's farms are electrified. In 43 States more than 85 percent of the farms are electrified.

The need for electrification loan funds can no longer be measured accurately on the basis of unelectrified farms. It is apparent today that the greatest need for loans arise where improvement must be made in the systems built in the early days of REA and where additional power sources must be provided to meet steadily growing demands for electricity on the farm. The enactment of this bill will accomplish three things:

First. Providing flexibility in the administration and making loan funds available where needed rather than a prescribed rigid formula that is no longer realistic.

Second. Reducing annual requirements for loan funds that because of present limitations have been more than total actual loan requirements.

Third. Will remove the necessity for annual surveys of unelectrified farms which is now needless.

Mr. Speaker, I urge the passage of this bill.

Mr. ALLEN of Illinois. Mr. Speaker, I believe the gentleman from Arkansas has explained the rule and the main provisions of the bill. Like the gentleman

from Arkansas, I know of no opposition to the rule, at least.

Mr. Speaker, I reserve the balance of my time.

Mr. TRIMBLE. Mr. Speaker, I move the previous question on the resolution. The previous question was ordered.

The resolution was agreed to.

Mr. POAGE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 153), to amend the Rural Electrification Act of 1936, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That subsections (c), (d), and (e) of the Rural Electrification Act of 1936, as amended (7 U. S. C. 903 (c), (d), and (e)) are amended to read as follows:

"(c) Twenty-five percent of the annual sums herein made available or appropriated for loans for rural electrification pursuant to sections 4 and 5 of this title shall be allotted yearly by the administrator for loans in the several States in the proportion which the number of their farms not then receiving central station electric service bears to the total number of farms of the United States not then receiving such service: *Provided*, That if any part of such sums are not loaned or obligated during the first 6 months of the fiscal year for which they are made available, such part shall thereafter be available for loans by the administrator without allotment: *Provided, however*, That not more than 25 percent of said sums may be employed in any one State or in all of the Territories. The administrator shall within 90 days after the beginning of each fiscal year determine for each State and for the United States the number of farms not then receiving such service.

"(d) The remaining 75 percent of such annual sums shall be available for rural electrification loans in the several States and in the Territories, without allotment as hereinabove provided in such amounts for each State and Territory as, in the opinion of the administrator, may be effectively employed for the purposes of this act, and to carry out the provisions of section 7: *Provided, however*, That not more than 25 percent of said unallotted annual sums may be employed in any one State, or in all of the Territories.

"(e) If any part of the annual sums made available for the purposes of this act are not loaned or obligated during the fiscal year for which they are made available, such unexpended or unobligated sums shall be available for loans by the administrator in the following year or years without allotment: *Provided, however*, That not more than 25 percent of said sums for rural electrification loans may be employed in any one State or in all of the Territories."

Sec. 2. Section 4 of such act is amended by striking out "10 percent" and inserting "25 percent."

The bill was passed.

A motion to reconsider and a similar House bill (H. R. 5376) were laid on the table.

PERMISSION TO SIT DURING SESSION OF THE HOUSE

Mr. VINSON. Mr. Speaker, I ask unanimous consent that the Committee on the Armed Services may be permitted to sit during the session of the House this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

GENERAL LEAVE TO EXTEND

(Mr. ABERNETHY asked and was given permission to extend his remarks following those of the gentleman from Arkansas on the rule just adopted.)

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may be permitted to extend their remarks in the RECORD immediately following the remarks of the gentleman from Arkansas.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE TRAINED NURSE

(Mr. AUCHINCLOSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks, and to include an address by Mrs. Hobby.)

Mr. AUCHINCLOSS. Mr. Speaker, I am grateful for the permission to extend my remarks in the RECORD and include the inspiring speech made by Hon. Oveta Culp Hobby, Secretary of Health, Education, and Welfare, to the graduating class of the School of Nursing of the Presbyterian Hospital, Columbia-Presbyterian Medical Center, in New York City on June 2, 1955. This school is one of the outstanding institutions of its kind in the country with a most exacting training and educational schedule and I am very proud that a niece of mine, Susannah Manwaring Lee, was a member of the graduating class.

Mrs. Hobby's address is replete with good, practical as well as spiritual advice, and I am especially impressed and moved by her wise and helpful admonition:

I would say to you with passionate earnestness this one thing: always keep your warmth. Let the years of experience sharpen your understanding of human emotions and human needs, rather than dull your perceptions by their routine.

Schedules, too much work and too little time, repetition of sights of pain and heart-break and sorrow—all these things will combine to build a shell around you. Don't let them.

Mrs. Hobby has practiced what she preaches through the years of service she has given her country. She has not permitted the strain and stress of public life to build a shell around her, but in spite of criticism and the anxieties of family life she continues her service, an earnest, self-sacrificing person dedicated to her duty.

This is a great address and I urge my colleagues to read it.

President Cooper, members of the graduating class, and guests; from Florence Nightingale to the Angel of Dien Bien Phu, the trained nurse has held a very special place in human hearts and human vision. You know this, because the ideal of nursing played a strong part in attracting you to the studies you are now completing, to the profession you are ready to enter.

No other profession more completely symbolizes the idea of service, of selfless dedication to one's fellow man.

But dedication to an ideal can be a vague or even a misguided thing unless combined with skill and wisdom. In completing your preparation at this, one of the greatest medical centers of the twentieth century, you of the Koming class are privileged to have had an unusual blend of the ideal and the intellectual, of inspiration and the practical training to make that inspiration a reality.

As it has grown more complex, our civilization has required specialization in every field. And in our intense development of specialists, we have often neglected the equally important quality of balance. By your association with Columbia University, you have had a better chance than most to achieve the precise knowledge of the specialist while maintaining the breadth and balance of the well-rounded human being.

In your academic work, you became aware of the values by which we live—aware of the sweep of Western history: the Greek search for truth and beauty; the Roman concepts of law and of order under the law; the Judaic realization that there is one God; and the Christian interpretation of the compassionate nature of that God. And as your thoughts have soared away and beyond the printed pages of your textbooks, you have come to understand why our civilization attaches such importance to the individual.

Since childhood, you have been told that the individual is sacred—both under the Judiac and Christian concept of God as the father of mankind and under the American concept of self-government by free men and women. You have learned that the individual is not a cog in a machine state, that government must serve the people, not the people serve the state. And you know that this principle is the quality which distinguishes Western civilization.

Let us carry that further. To be a free man, served by his government, sacred as an individual, each of us must be equally aware of the importance of individual conscience, of individual responsibility.

We are not entitled, nor can we preserve, the privileges and benefits of freedom—and I believe there are no privileges and no benefits except in freedom—unless we fulfill our duties to freedom, the duties dictated by an active, individual conscience.

In *Men Like Gods*, as I remember it, H. G. Wells pictured a utopian society in which there was no government. No government was necessary because all the citizens were so highly developed in intellect and moral conscience that they automatically behaved as though guided by laws and automatically served as though challenged by leadership.

Such a utopia will not likely come in my lifetime or in yours. Perhaps never. But I think the idea has a truth within it. The higher the development of the individual—intellectually and spiritually—the greater his return to society, the more spontaneously he follows the spirit as well as the letter of the law.

Those among you who will become the greatest in your profession will be those who joyously, generously, and intelligently offer the greatest return to society. You will become distinguished or famous not by what you gain for yourselves but by what you give to others.

This is true for all.

You are more fortunate than the average layman in that, by the nature of your work, you are free to give your working hours to human service. Cherish that freedom. Revel in it. And know that with every life you save, every human hurt you ease, every sadness you lighten you are achieving a kind of intrinsic greatness.

I am describing ineptly something which has been expressed vividly and beautifully by Lecomte du Nouy in his book, *Human Des-*

tiny. He said: "Every man can, if he wishes, leave a more or less brilliant trace behind him, which widens or prolongs the existing path and contributes to its fanlike expansion."

"The destiny of man is not limited to his existence on earth. * * * He exists less by the actions performed during his lifetime than by the wake he leaves behind him, like a shooting star. * * *

"The wake of the first man who buried his dead and protected their faces with two tilted stones; the wake of the first man who forbade his children to kill their fellowmen; the wake of the first man who decided that the wounded and impotent, incapable of hunting, should be fed and not left to die; all these wakes are real today, more real, perhaps, than when they originated. * * * The wakes of Moses, of Buddha, of Confucius, of Lao Tse, of Christ probably exert a greater influence over humanity today than when these men were pondering over its fate and happiness. No man ever disappears completely if he strives to do good and expects no reward outside of the joy of having contributed to the progress of mankind."

That passage was written by one of the most distinguished scientists France has ever produced, one who worked with Dr. Alexis Carrel and Madame Curie, one who has been honored repeatedly in this country for his achievements in the exact field of science.

Now having taken us into a cosmic realm for a moment—a realm which I hope you will explore to the fullest in all the years of learning which lie ahead of you, because there is none more exciting—I should like to move down to the more prosaic level of practical points, which of course can be equally challenging.

In your uniform, each of you becomes a different person to the lay public. When we are well and happy, masters of our fates, we see you en masse and from an impersonal distance. But almost always when we come to you professionally, person to person, we are in some kind of trouble—either in discomfort and pain of our own, or in worry and fear for someone we love.

I would say to you with passionate earnestness this one thing: Always keep your warmth. Let the years of experience sharpen your understanding of human emotions and human needs, rather than dull your perceptions by their routine.

Schedules, too much work and too little time, repetition of sights of pain and heart-break and sorrow—all these things will combine to build a shell around you. Don't let them.

Remember that the most trivial of ailments seems important to the person who ails. Fear is an illogical thing, sometimes more likely to unsettle when groundless than when based on cruel fact.

I have seen—and I am sure you have seen—the woman responding with serenity and pure courage to a death sentence from cancer, who might have been thrown into a mild spasm of nervous tension by a proposed appendectomy. I have seen men facing up to brutal news with calmness and determination, who might feel faint over donating a pint of blood.

Your duties are among the most exacting of all professions—technically and, equally important, emotionally. You are called upon to give much. But if, against these exacting requirements, you can preserve the inner spark that gives you human understanding and human warmth, then the patient will not become simply case No. 4038. Remember that each mother who brings her 10-month-old child into the hospital to have his adenoids removed needs your warmth and pleasantness. The fact that you have seen hundreds of successful operations to remove the adenoids, the fact that you have seen scores of worse trials, doesn't diminish her need in the slightest.

A young friend of mine recently visited a large medical center more to keep her mother company than because she herself was ill. But while there, she had a physical checkup, and, as a result, underwent a minor operation—one so minor that she walked out of the operating room herself, as well as into it.

Telling me about it later, she said, "What impressed me was that every doctor and nurse seemed as interested in me as though I had some obscure and fascinating ailment, or as though I were their very first patient. I know that their talents usually are saved for people who need them terribly, but still they acted as though I were the most important thing on the docket."

I passed this compliment on to one of the department heads at the center, and he smiled. "It has to be that way," he said. "Whenever anyone gets a routine attitude toward the patients, he is encouraged to take his talents elsewhere. If we ever lose our alertness, then all our training and equipment would lose their meaning."

In contrast, I remember walking through a pediatric clinic when an obviously inexperienced mother was holding a shrieking baby. The baby had just gotten his first immunization shots, and was resenting his benefits bitterly.

The nurse in charge reeled off instructions to the mother in the chant of one who has said the same words to hundreds of mothers holding hundreds of shrieking babies.

Miserable over her baby's first real meeting with pain, the mother looked dazed under the flow of words. Clearly she hadn't understood.

Another nurse saw and acted with the warmth that distinguishes the topnotch professional in any field.

"The shot hurt him for just a moment," she said gently. "And the place may be a little sore for a few days. Don't worry if he runs a slight fever, and if he does, give him a baby aspirin every 4 hours. You'll be surprised at how quickly he feels better."

It took only 30 seconds to do. She had used almost the same words that the other girl had used. But by caring, by the note of personal interest in her voice, she sent the mother away reassured rather than worried and uncertain what to do next.

From this room today, from this point of departure, your careers will take you in many diverse directions. Through the years, you will learn which patients need additional explanations, which need special reassurance, which need matter-of-factness, which need a note of gaiety, which need silent sympathy. Your patients will expect, and will respect, your competence in your work.

Because you are professionally informed on nursing, you will be called upon to provide the public with information and leadership in the continuing efforts to develop nursing to meet the needs of humanity and science. These needs, as your professors have told you, are constantly changing.

In 1930, about 6,300,000 people, or 5 out of every 100 Americans, were cared for in general hospitals. In 1954, the number had grown to 18,700,000, or 11 for each 100 Americans. This doesn't mean that more people were sick, but that more people used health facilities because more help could be given to once helpless cases or because more conditions were being recognized as being medically treatable.

In 1930, approved medical practices required 1 professional nurse for each 6 patients. In 1954, 2 nurses were needed for each 6 patients, because medical science has increased the demand for the highly trained services of professional nurses.

You know of the shortage in this country's nursing force. Since the demand is likely to increase again and yet again, countermeasures must be taken to increase the total

Public Law 70 - 84th Congress
Chapter 139 - 1st Session
S. 153

AN ACT

To amend the Rural Electrification Act of 1936.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsections (c), (d), and (e) of the Rural Electrification Act of 1936, as amended (7 U. S. C. 903 (c), (d), and (e)) are amended to read as follows:

Rural electrification.
49 Stat. 1364.
Allotments for loans in States.

“(c) Twenty-five per centum of the annual sums herein made available or appropriated for loans for rural electrification pursuant to sections 4 and 5 of this title shall be allotted yearly by the Administrator for loans in the several States in the proportion which the number of their farms not then receiving central station electric service bears to the total number of farms of the United States not then receiving such service: *Provided*, That if any part of such sums are not loaned or obligated during the first six months of the fiscal year for which they are made available, such part shall thereafter be available for loans by the Administrator without allotment: *Provided, however*, That not more than 25 per centum of said sums may be employed in any one State or in all of the Territories. The Administrator shall within ninety days after the beginning of each fiscal year determine for each State and for the United States the number of farms not then receiving such service.

“(d) The remaining 75 per centum of such annual sums shall be available for rural electrification loans in the several States and in the Territories, without allotment as hereinabove provided in such amounts for each State and Territory as, in the opinion of the Administrator, may be effectively employed for the purposes of this Act, and to carry out the provisions of section 7: *Provided, however*, That not more than 25 per centum of said unallotted annual sums may be employed in any one State, or in all of the Territories.

Unallotted funds.

“(e) If any part of the annual sums made available for the purposes of this Act are not loaned or obligated during the fiscal year for which they are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years without allotment: *Provided, however*, That not more than 25 per centum of said sums for rural electrification loans may be employed in any one State or in all of the Territories.”

Unexpended funds.

69 Stat. 131.
69 Stat. 132.

SEC. 2. Section 4 of such Act is amended by striking out “10 per centum” and inserting “25 per centum”.

7 USC 904.

Approved June 15, 1955.

